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2009-10 MID-YEAR FINANCIAL REPORT

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1 INTRODUCTION

The 2009-10 Mid-Year Financial Report has been prepared in accordance with section 26 of the *Financial Management and Audit Act 1990*, which requires the Treasurer to prepare and publish in the *Gazette* a half-yearly report by 15 February each year. The *2009-10 Mid-Year Financial Report (Preliminary)* was published in December 2009 providing revised Budget and Forward Estimate figures. As foreshadowed in the preliminary report, this Report presents December 2009 outcomes. However, this Report also provides a further update of the Budget outlook to incorporate changes that have occurred since the preliminary report.

The 2009-10 Mid-Year Financial Report contains the following information:

- Section 2 provides an update on progress against the Key Interim Fiscal Strategy Measures detailed in the 2009-10 Budget Papers.
- Section 3 updates the Tasmanian economic aggregates and forecasts published in the 2009-10 Budget Papers.
- Section 4 presents General Government financial results for the six months ending 31 December 2009 and revised Budget estimates presented in accordance with the applicable Australian Accounting Standard AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. Commentary is provided on material changes between original and revised Budget estimates.
- Section 5 presents revised fiscal estimates for the General Government, Public Non-Financial Corporations, Public Financial Corporations, Total Non-Financial Public and Total State Sectors, in accordance with the Uniform Presentation Framework reporting requirements for a Loan Council Mid-Year Report.
- Section 6 summarises the receipts to and expenditure from the Consolidated Fund.
- Section 7 provides an overview of the key concepts and definitions used within this Report.

2 KEY INTERIM FISCAL STRATEGY MEASURES

A fiscal strategy is an effective planning tool for the Government and it provides clear signals to financial markets, the business sector and the community of the Government's intentions in financial management. The purpose of a fiscal strategy is to establish a benchmark for the evaluation of the Government's fiscal performance and to increase public awareness of its fiscal policies.

As a result of the Global Financial Crisis, the Government could not achieve its previous Fiscal Strategy targets over the 2009-10 Budget and Forward Estimates period without breaching the Government's commitments to maintain frontline services, minimise the impact on public sector jobs and invest in infrastructure.

The Interim Fiscal Strategy (IFS) establishes a set of targets, the progressive achievement of which will return the Budget to a sustainable position. The Government has set aside the current Fiscal Strategy until normal economic conditions resume. The IFS is being adopted for the period 2009-10 to 2014-15.

Table 2.1 shows the IFS targets and an assessment of the current position against those measurable targets, based on the revised 2009-10 Budget and Forward Estimates.

As the IFS is focussed on the achievement of a number of targets in the two years beyond the current Forward Estimates, projections for 2013-14 and 2014-15 have been included. These are based on projected movements in key revenue and expense items from the 2012-13 Forward Estimate. The projections are prepared on a same policy basis and provide an indication of the Government's progress in achieving its IFS targets by 2014-15.

The Table shows that over the 2009-10 Budget and Forward Estimates period, the Government will make significant progress towards the achievement of its IFS targets.

Table 2.1: Key Interim Fiscal Strategy Measures

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	
	Revised	Forward	Forward	Forward			
Interim Target	Budget	Estimate	Estimate	Estimate	Projection	Projection	Progress
Net Operating Surplus on average over four-year rolling period by 2014-15 (\$m)	(32)	(47)	(81)	(60)	(43)	11	✓
Underlying Net Operating Surplus on average over four-year rolling period by 2014-15 (\$m) ¹	(133)	(213)	(275)	(248)	(136)	(18)	⚡
Fiscal Surplus by 2014-15 (\$m)	(310)	(386)	(342)	(242)	(7)	48	✓
Consolidated Fund Surplus by 2014-15 (\$m)	(137)	(132)	(305)	(293)	(15)	48	✓
Net Unfunded Superannuation Liability to be extinguished by 2035 ²	2 771	2 851	2 916	2 969	3 072	3 174	✓
Ratio of Net Financial Liabilities to Revenue for the Non-Financial Public Sector to not exceed 110 per cent in 2014-15 (%) ³	97	111	113	115	114	110	✓
General Government Sector to remain Net Debt free	(693)	(421)	(186)	(60)	(67)	(183)	✓
Tasmania's Tax Severity (as measured by the CGC) to be maintained below the average of all states (Avg=100) ⁴	<100	<100	<100	<100	<100	<100	✓
Capital Expenditure in excess of depreciation, on average, over four-year rolling period (\$m) ⁵	414	712	992	1 224	968	757	✓

Source: Department of Treasury and Finance, Commonwealth Grants Commission (CGC) and the Australian Bureau of Statistics (ABS).

Key: ✓ On Target, ⚡ Issues to be addressed, X Remedial action required

Notes:

1. Achievement of an Underlying Net Operating Surplus on average over a four-year rolling period by 2014-15 is measured on an underlying basis that removes the impact of one-off Australian Government funding for specific major capital programs.
2. The Net Unfunded Superannuation Liability will continue to increase in the medium-term. The Government is making sufficient provisions to achieve the target in 2035.
3. For the purposes of the Interim Fiscal Strategy, Net Financial Liabilities represents Net Debt less Advances Paid plus the Superannuation Liability. Net Financial Liabilities is divided by Revenue from Transactions to derive the Net Financial Liabilities to Revenue ratio. This is in accordance with the methodology used by Standard & Poor's ratings agency.
4. The Commonwealth Grants Commission's measure of relative Taxation Severity is calculated on the latest available actual taxation levels of states and territories (using GFS data). The Commission does not prepare forecasts of this measure. Tasmania's Taxation Severity for 2007-08 was 92.66 per cent of the national average.
5. The estimates shown are the differences between the four-year aggregates of capital expenditure and depreciation. Since capital expenditure exceeds depreciation it also does so "on average" as is required by the IFS.

3 TASMANIAN ECONOMIC AGGREGATES AND FORECASTS

Table 3.1: Economic Forecasts

	2008-09	2009-10	2009-10	2010-11	2011-12	2012-13
		Budget	Revised			
	Actual	Forecast	Forecast	Forecast	Projection	Projection
Gross State Product (real, % change) ^{1,2}	....	- ¾	¼	1½	2¾	2¾
Employment (year-average, % change)	2.8	-2	-1½	....	1	1
Level of employment (year-average, '000s)	238.2	233	234	234	237	239
Labour force participation rate (year-average, %)	61.9	61½	60¾	60½	60½	60½
Unemployment rate (year-average, %)	4.6	7	5¼	6	6	6
Consumer price index (year-average, % change)	2.9	2	2¼	2¼	2½	2½
Population (year-average, % change)	1.0	0.8	0.9	0.8	0.8	0.8

Sources:

Data - Australian Bureau of Statistics (ABS)

Forecasts - Department of Treasury and Finance

Notes:

1. The GSP estimate is not intended to be benchmarked against the GSP estimates produced by the ABS due to ongoing concerns over the reliability of the ABS estimates of year on year changes in Tasmania's GSP.
2. Actual unavailable. See Note 1.

The outlook for the global economy in 2009-10 now looks more optimistic than at the time of the 2009-10 Budget. Most advanced economies are showing tentative signs of recovery after experiencing recessionary conditions. Australia has outperformed other advanced economies during this period of global instability, due to a range of factors including its strong fiscal position at the start of the crisis, the healthy state of the domestic banking sector, effective monetary and fiscal stimulus measures and the pick-up in trade with China.

Tasmania entered this period of global economic recession with above trend economic growth, strong investment levels and high levels of employment. The Tasmanian economy therefore faced the downturn in a stronger position than during previous national recessions. Tasmania's performance during this period has been mixed, with the economy performing in some areas at a level near the optimistic scenario forecast at the time of the 2009-10 Budget.

The degree of uncertainty in Tasmania's economic outlook for 2009-10 is less than at the time of the 2009-10 Budget. The downside risks to the revised forecasts are now viewed as being more balanced with the upside risks.

As with the 2009-10 Budget forecasts, three scenarios have been developed: the base scenario, an optimistic scenario and a pessimistic scenario. The range between these forecasts has narrowed in line with the reduced uncertainty. Together with a narrower band of outcomes, the outlook is generally more favourable.

Tasmania's GSP is now estimated to increase by $\frac{1}{4}$ of one per cent in 2009-10, compared with the forecast decline of $\frac{3}{4}$ of one per cent at the time of the 2009-10 Budget. This remains below the forecast of national GDP for 2009-10 in the Australian Government's 2009-10 *Mid-Year Economic and Fiscal Outlook*, primarily due to the weaker outlook for Tasmanian private investment and international exports relative to the rest of the country on average. In 2010-11, Tasmanian GSP growth is forecast to be $1\frac{1}{2}$ per cent, with projections of $2\frac{3}{4}$ per cent in the following two years.

Consumption expenditure is expected to be positive in all three scenarios, with growth of $1\frac{3}{4}$ per cent expected in the base scenario, compared with the previously forecast $\frac{1}{4}$ of one per cent in growth. This stronger forecast is based on the resilience in retail trade spending in Tasmania since the start of the downturn and the recovery of consumer confidence. Consumption expenditure is the most significant component of Tasmanian Gross State Product, accounting for just under 60 per cent of GSP in 2008-09, the highest proportion of any jurisdiction. Tourism expenditure in the State is also reported to have held up well. In 2010-11, growth in consumption expenditure is expected to be $2\frac{1}{4}$ per cent.

The outlook for Tasmanian private investment is markedly improved compared to the 2009-10 Budget forecast, based on forward indicators of investment declining by less than expected and a sharp rebound in business confidence over recent months. Private investment is now expected to decline by around 5 per cent in 2009-10, compared with the previous forecast of a fall of 15 per cent. This expectation is based on modest growth in dwelling investment and a slightly less weak outlook for business investment. However, under the optimistic scenario, Tasmanian private investment is still expected to show negative growth in 2009-10. Positive growth in private investment is expected to return in 2010-11, with an increase of 4 per cent expected.

Tasmania's international exports are still expected to decline in 2009-10, although the outlook for global trade has improved since the time of the 2009-10 Budget. International exports are now expected to decline by around $4\frac{1}{2}$ per cent in 2009-10, compared to the previous forecast of a fall of 5 per cent. Even under the optimistic scenario, international exports are not expected to increase over 2009-10. Growth of 2 per cent is expected for 2010-11.

The strong appreciation in the Australian dollar has also negatively impacted on Tasmanian exports. The pessimistic scenario for Tasmanian international exports would see a further weakening in demand from key export destinations such as Japan.

Tasmanian interstate exports, which account for around 60 per cent of Tasmania's total exports, are now expected to grow by around $1\frac{1}{2}$ per cent in 2009-10, compared with a forecast decline of around one per cent at the time of the 2009-10 Budget. This revision is primarily due to the revised Australian GDP growth figures forecast by the Australian Treasury and the Reserve Bank of Australia. In line with a more positive outlook for private investment and consumption expenditure, Tasmanian imports (which detract from GSP growth) are also expected to increase, compared with an expected fall foreshadowed at the time of the 2009-10 Budget. Growth in interstate exports is expected to be $2\frac{1}{2}$ per cent in 2010-11.

Prior to the Global Financial Crisis, the Australian and Tasmanian labour markets were at record highs. Unemployment was very low and a shortage of skilled workers consistently rated as the biggest concern of businesses. Instead of large scale dismissals, as experienced in previous recessions, employers have tended to retain skilled labour by reducing overall hours worked in response to falling demand. Job losses

have generally been concentrated in those industries most impacted directly by the Global Financial Crisis, namely manufacturing, mining and finance.

In Tasmania, the level of employment has fallen by just under 4 per cent since September 2008 (in trend terms), due to a very sharp decline in full-time employment. Some of this decline was offset by growth in part-time employment, although this trend has reversed in recent months with part-time employment easing marginally since mid-2009.

Tasmanian employment is now estimated to decline by 1½ per cent in 2009-10 (in year-average terms), a marginally lower reduction than the 2009-10 Budget forecast of a fall of 2 per cent. The job losses recently reported for the North-West region have been factored into these revised forecasts. Leading indicators of employment have improved in recent months, but remain below pre-crisis levels. It is likely that employers will tend to increase the hours worked by existing staff before seeking additional workers. The level of employment is forecast to remain steady in 2010-11 in year-average terms, with projected growth of 1 per cent in both 2011-12 and 2012-13.

The participation rate is estimated to be 60¾ per cent (in year-average terms) in 2009-10, reflecting the trend of job seekers leaving the labour market either in anticipation of generally tougher job prospects or having already experienced this since September 2008. The 2009-10 Budget forecast of 61½ per cent had assumed that job seekers would enter the labour force in response to falling household income and the need to rebuild superannuation balances following the collapse in asset values through 2008-09. The participation rate is forecast to be at 60½ per cent in 2010-11 and in projections for the following two years.

The Tasmanian unemployment rate is now estimated to average 5¼ per cent in 2009-10, compared with the 2009-10 Budget forecast of 7 per cent. The increase in the unemployment rate in recent months in response to the weaker economic conditions has been constrained by employees working reduced hours and by the lower labour force participation rate. The unemployment rate is forecast to rise to 6 per cent in 2010-11.

Tasmanian population growth is now estimated to be 0.9 per cent in 2009-10, up marginally from the 0.8 per cent forecast in the 2009-10 Budget. This revision is due to the above-trend population growth experienced in 2008-09. The 2010-11 forecast is for population growth of 0.8 per cent.

4 GENERAL GOVERNMENT REVISED BUDGET OUTLOOK

Income Statement

The Income Statement shows the estimated Net Operating Balance for 2009-10 to be a \$63.4 million deficit, a \$53.7 million improvement on the 2009-10 Budget estimate of a \$117.1 million deficit.

The estimated Fiscal Balance for 2009-10 is a \$310.4 million deficit, a \$259.1 million improvement on the 2009-10 Budget estimate of a \$569.5 million deficit. The General Government Income Statement for 2009-10 is detailed in Table 4.1.

The significant variations to Revenue from transactions, Expenses from transactions, Other Economic Flows and Net Acquisition of Non-Financial Assets are outlined below.

Revenue from transactions

Revenue from transactions is estimated to be \$4 516.7 million in 2009-10, \$300.9 million or 7.1 per cent more than the 2009-10 Budget estimate of \$4 215.8 million. The favourable movement in total revenue reflects:

- an increase in General Purpose Payments revenue of \$82.5 million, due to an increase in Goods and Services Tax collections as a result of an improving Australian economy and associated increases in the national GST Pool;
- an increase in National Partnership Payments revenue of \$68.1 million, which primarily reflects the impact of additional Australian Government receipts for: *Nation Building - Economic Stimulus Plan* Primary Schools for the 21st Century (\$9.9 million) and Science and Language Centres (\$31.3 million); Water for the Future (\$14.8 million); Housing (\$5.9 million); Trade Training Centres in Schools (\$5.1 million); and Better TAFE Facilities (\$4.4 million);
- an increase in Taxation revenue of \$62.5 million, primarily reflecting an increase in Duties of \$33.1 million, Payroll tax of \$18.2 million, Land tax of \$4.0 million (this will be offset by a Land tax rebate of \$18.3 million) and Casino tax and licence Fees of \$3.0 million. The increase in the Duties receipts estimates primarily reflects revenue from some large single transactions and higher than anticipated levels of activity in the property market, while the increase in the Payroll tax estimate reflects growth in average weekly earnings and higher than anticipated employment levels. Table 4.3 provides a summary of the movements in Taxation revenue;
- an increase in Interest income of \$13.6 million due to higher than anticipated interest rates and changes in the level of cash held in the Public Account;

- additional Dividend, tax and rate equivalent income of \$30.5 million. Dividend income is \$16.5 million greater than the 2009-10 Budget estimate largely due to an increase in receipts from the Motor Accidents Insurance Board of \$5.7 million, TOTE Tasmania Pty Ltd of \$3.0 million, Hydro Tasmania of \$2.7 million, Transend Networks Pty Ltd of \$2.5 million and an additional dividend from the Tasmanian Public Finance Corporation (Tascorp) of \$3.0 million. Income tax equivalent income is \$13.9 million greater than the 2009-10 Budget estimate largely due to additional payments from the Motor Accidents Insurance Board of \$26.6 million and TOTE Tasmania Pty Ltd of \$3.8 million, partly offset by a reduction in tax equivalents from Aurora Energy Pty Ltd of \$13.1 million and Transend Networks Pty Ltd of \$5.7 million; and
- an increase in Other revenue of \$15.9 million, which primarily reflects a \$14.8 million increase in Mineral Royalties income as a result of an unanticipated increase in commodity market prices for mineral resources.

Year to date as at 31 December 2009:

- Grants revenue is \$1 398.6 million, \$69.3 million or 4.7 per cent below the pro rata 2009-10 Budget estimate. This is primarily due to the timing of payments of GST Revenue, National Partnership and Specific Purpose Payments by the Australian Government to the State.
- Dividend, tax and rate equivalent income is \$93.1 million, \$27.9 million or 42.7 per cent above the pro rata revised 2009-10 Budget estimate. This reflects the timing of payments by Government Business Entities and State-owned Companies, with the bulk of dividend payments for 2009-10 being received in December 2009.

Expenses from transactions

Expenses from transactions for 2009-10 are estimated to be \$4 580.1 million, \$247.2 million or 5.7 per cent greater than the 2009-10 Budget estimate of \$4 332.9 million. The movement reflects:

- an increase in Employee expenses of \$52.3 million, primarily relating to the enhancement of front line services for the Department of Health and Human Services of \$30.7 million; the Department of Education of \$7.0 million; and the Department of Justice of \$2.3 million;
- an increase in the Superannuation expense of \$10.6 million, reflecting the latest actuarial assessment of the Government's unfunded superannuation liability and lump sum payments made to the Retirement Benefits Fund;
- an increase in Supplies and consumables expense of \$44.7 million, primarily reflecting expenditure of Australian Government funding of \$14.2 million by the Department of Education; additional expenditure of \$10.5 million by the Department of Health and Human Services relating to additional funding for frontline services; the recognition of additional claims expenditure of \$8.4 million from the Tasmanian Risk Management Fund for the Burnie High School; and the reclassification of \$4.2 million in expenditure by the Department of Health and Human Services to Supplies and Consumables; and

- an increase in Grant expense of \$138.7 million, reflecting additional Australian Government funding of \$24.9 million for the Department of Education; \$18.3 million for rebates associated with the Government's Land Tax Reforms; \$8.9 million associated with reducing the price caps for the Water and Sewerage reforms; \$9.0 million from the Water Infrastructure Fund for water infrastructure development; additional funding of \$6.8 million provided for ex-gratia payments made to adults who were abused as children; \$5.3 million for Transport Subsidies and Concessions; \$5.0 million for Local Government road maintenance; funding of \$5.3 million provided for the North-West Assistance Package; additional funding of \$4.2 million for Tasmania *Tomorrow*; \$4.6 million for additional funding for the Aurora Pensioner Concession; a further \$4.0 million for Metro Services; \$3.5 million for additional Frontline Services – Human Services; and \$3.4 million for non-government schools grants.

Year to date as at 31 December 2009, Grant expenses is \$550.9 million, \$74.3 million or 15.6 per cent above the pro rata revised Budget estimate. This reflects the timing of the distribution of grants.

Other economic flows – included in Operating Result

The Revaluation of equity investments in the PNFC and PFC Sectors is anticipated to be \$1 876.6 million, \$1 766.3 million higher than the original 2009-10 Budget estimate of \$110.3 million. This increase is almost entirely a result of the Australian Bureau of Statistics decision to classify the new local government water and sewerage entities within the Public Non-Financial Corporations Sector. This is a classification issue only and has no impact on the ownership and control of water and sewerage assets which rests with local government under the *Water and Sewerage Corporations Act 2008*. Net assets for the three regional water and sewerage corporations have been included within the equity investment valuation as at 31 December 2009.

The movement in Revaluation of superannuation liability of \$23.8 million reflects a reassessment by the State's Actuary of the superannuation liability in 2009-10, due to a change in underlying assumptions in respect of part time employees and an increase in the pension take up rate.

Net acquisition/(disposal) of non-financial assets

The revision in Net acquisition/(disposal) of non-financial assets of \$205.3 million, from \$452.3 million to \$247.0 million, primarily reflects revised timing of capital projects. It is now anticipated that capital expenditure will be more evenly distributed over the 2009-10 Budget and Forward Estimates period (2010-11 to 2012-13).

Disclosures

Commonwealth Grants Commission Review Provision

The Commonwealth Grants Commission (CGC) is in the concluding stages of a six year major review of the methodology used to determine the states' shares of the GST pool. The CGC will report in February 2010 and the new methodology will be effective from 2010-11. On this occasion, the CGC's terms of reference require it to substantially simplify the methodology. Changes to methodology at each major review introduce the possibility of a change to Tasmania's relative revenue and expenditure disadvantage, therefore there is a risk that Tasmania's share of the GST pool may drop appreciably. To mitigate the Budget impact of this risk, the Government has included a provision of \$50 million against the 2010-11 GST revenue Forward Estimate. While in no way accepting the likelihood of such a reduction in Tasmania's share, the provision represents a prudent approach to recognising and mitigating the risk.

Purchase and Sale of Major Assets

The General Government Income Statement does not reflect the financial impact of the announced purchase of the North West Regional Hospital (Burnie Campus). This purchase is currently under negotiation.

Table 4.1: General Government Income Statement

	2008-09 Dec YTD Actual \$m	2009-10 Original Budget \$m	2009-10 Revised Budget \$m	2009-10 Dec YTD Actual \$m
Revenue from transactions				
Grants	1 200.6	2 759.1	2 935.9	1 398.6
Taxation	435.2	810.0	872.5	449.1
Sales of goods and services	175.4	375.0	363.0	177.0
Fines and regulatory fees	27.0	64.1	77.8	34.3
Interest income	38.6	33.8	47.4	16.0
Dividend, tax and rate equivalent income	79.4	100.0	130.5	93.1
Other revenue	59.8	73.8	89.7	44.4
	2 016.0	4 215.8	4 516.7	2 212.6
Less Expenses from transactions				
Employee expenses	915.6	1 875.3	1 927.6	947.1
Superannuation	111.0	213.3	224.5	115.1
Depreciation	108.4	228.3	231.8	123.5
Supplies and consumables	402.1	937.9	982.6	447.0
Nominal superannuation interest expense	97.9	202.6	203.0	101.5
Borrowing costs	8.4	17.5	17.6	12.7
Grant expenses	456.7	814.4	953.1	550.9
Other expenses	22.4	43.6	39.8	12.7
	2 122.5	4 332.9	4 580.1	2 310.6
Equals NET OPERATING BALANCE	(106.6)	(117.1)	(63.4)	(98.0)
Plus Other economic flows – included in Operating Result				
Gain/(loss) on sale of non-financial assets	2.5	(5.5)	(19.1)	(3.7)
Revaluation of equity investment in PNFC and PFC Sectors	72.0	110.3	1 876.6	1 766.0
Revaluation of superannuation liability	(239.0)	....	(23.8)	(11.9)
Other gains/(losses)	(21.7)	1.7	1.2	(1.4)
	(186.2)	106.5	1 834.9	1 749.0
Equals Operating Result	(292.8)	(10.6)	1 771.5	1 651.0

Table 4.1: General Government Income Statement (continued)

	2008-09 Dec YTD Actual \$m	2009-10 Original Budget \$m	2009-10 Revised Budget \$m	2009-10 Dec YTD Actual \$m
Plus Other economic flows – other movements in Equity				
Revaluations of non-financial assets	20.9	222.7	227.0	112.2
Other non-owner movement in equity	(29.1)	(1.3)	(75.8)	(48.6)
	(8.2)	221.4	151.2	63.6
Equals Comprehensive Result	(300.9)	210.8	1 922.7	1 714.6
KEY FISCAL AGGREGATES				
NET OPERATING BALANCE	(106.6)	(117.1)	(63.4)	(98.0)
Less Net acquisition/(disposal) of non-financial assets				
Purchase of non-financial assets	93.3	758.2	543.3	200.0
Less Sale of non-financial assets	17.8	77.6	64.5	37.6
Less Depreciation	108.4	228.3	231.8	123.5
	(32.9)	452.3	247.0	38.9
Equals FISCAL BALANCE – SURPLUS/(DEFICIT)	(73.6)	(569.5)	(310.4)	(136.9)

Table 4.2: General Government Grants

	2008-09 Dec YTD Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Dec YTD Actual
	\$m	\$m	\$m	\$m
Australian Government general purpose payments	828.7	1 526.5	1 609.0	766.5
Australian Government specific purpose payments	235.2	562.4	563.8	292.4
Australian Government national partnership payments	....	642.6	710.7	291.2
Australian Government capital grants	15.0	0.5	0.5	....
Other grants and subsidies	121.6	27.1	51.9	48.5
	1 200.6	2 759.1	2 935.9	1 398.6

Table 4.3: General Government Taxation

	2008-09 Dec YTD Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Dec YTD Actual
	\$m	\$m	\$m	\$m
Payroll Tax	129.3	257.0	275.3	123.9
Taxes on property				
Land tax ¹	79.7	90.0	94.0	83.3
Fire service levies	21.8	45.0	45.0	22.6
Government guarantee fees	4.4	20.1	20.4	0.2
Taxes on financial and capital transactions	75.8	133.8	161.8	80.0
	181.6	288.8	321.2	186.1
Taxes on the provision of goods and services				
Casino tax and licence fees	29.7	58.5	61.5	27.6
Other gambling taxes	15.2	37.0	39.7	24.0
Other taxes on insurance	22.3	44.1	46.3	23.7
	67.2	139.6	147.5	75.3
Motor vehicle fees and taxes	57.1	124.5	128.5	63.9
TOTAL TAXATION	435.2	810.0	872.5	449.1

Note:

1. A Land Tax Rebate of \$18.3 million will be paid in 2009-10 in accordance with the Government's Land Tax Reform initiative as announced by the Premier, David Bartlett MP, on 10 December 2009.

Balance Sheet

Table 4.4 details the estimated General Government Sector Balance Sheet as at 30 June 2010.

Budget estimates for the 2009-10 Balance Sheet were compiled in May 2009 prior to the completion of the actual outcomes for 30 June 2009. As a result, the variance from the 2009-10 Budget estimate will be impacted by the difference between the estimated and actual opening balances for 2009-10.

Assets

Assets are estimated to be \$18 886.6 million at 30 June 2010, an increase of \$2 222.6 million above the 2009-10 Budget estimate of \$16 664.0 million.

Financial assets are anticipated to increase by \$2 401.6 million over the original Budget estimate as a result of:

- an increase in Cash and deposits of \$201.5 million, primarily reflecting an increase in revenues as reflected in the Income Statement and an anticipated under expenditure in 2009-10 for some capital projects;
- an increase in Equity investments in PNFC and PFC Sectors of \$2 020.7 million, primarily reflecting the inclusion of the net assets of the State's water and sewerage entities as a result of the Australian Bureau of Statistics decision to include these entities as part of the Public Non-Financial Corporations Sector (\$1 766.3 million); adjustments to 2009-10 opening balances for the value of the equity investments in the Public Non-Financial Corporations Sector; and the establishment of Tasmanian Railway Pty Ltd;
- an increase in Receivables of \$39.0 million, primarily reflecting adjustments to the 2009-10 opening balances for Finance-General (\$9.1 million); the Department of Health and Human Services (\$21.6 million); the Tasmanian Polytechnic (\$5.9 million); and the Tasmanian Skills Institute (\$4.3 million); and
- an increase in Other financial assets of \$132.9 million, primarily reflecting an adjustment to the deferred tax asset from the Public Non-Financial Corporations Sector and the Public Financial Corporations Sector.

Non-financial assets are anticipated to decrease by \$178.9 million, primarily reflecting anticipated under expenditure in 2009-10 for some capital projects. This decrease in Non-financial assets is offset by adjustments to 2009-10 opening balances as a result of asset revaluations by agencies.

Liabilities

Liabilities are estimated to be \$5 314.8 million at 30 June 2010, \$236.9 million less than the 2009-10 Budget estimate of \$5 551.7 million. The decrease in liabilities primarily relates to a decrease in the Superannuation liability of \$298.0 million following an actuarial review of the liability, which is partly offset by increases in Employee entitlements of \$45.3 million and Payables of \$18.3 million.

Table 4.4: General Government Balance Sheet

	31 Dec 2008	30 June 2010	30 June 2010	31 Dec 2009
	Actual	Original Budget	Revised Budget	Actual
	\$m	\$m	\$m	\$m
Assets				
Financial assets				
Cash and deposits	1 106.7	728.3	929.8	1 079.7
Investments	40.0	70.1	75.1	49.8
Equity investments in PNFC and PFC Sectors	3 889.7	3 966.0	5 986.7	5 864.5
Other equity investments	6.1	3.0	5.5	5.9
Receivables	204.1	153.9	192.9	217.7
Other financial assets	992.3	922.0	1 054.9	1 019.9
	6 238.9	5 843.4	8 245.0	8 237.4
Non-financial assets				
Land and buildings	4 613.4	5 234.9	5 263.8	4 828.7
Infrastructure	4 547.7	4 906.3	4 608.5	4 744.5
Plant and equipment	250.0	156.8	223.3	266.6
Heritage and culture assets	419.9	454.2	457.6	444.8
Investment property	11.1	11.1	13.0	11.6
Intangible assets	22.4	24.3	27.4	23.9
Assets held for sale	3.5	7.0	9.3	4.3
Other non-financial assets	34.7	26.1	38.8	20.1
	9 902.6	10 820.6	10 641.7	10 344.5
Total Assets	16 141.5	16 664.0	18 886.6	18 581.9
Liabilities				
Borrowings	300.2	311.9	311.7	311.3
Superannuation	4 028.1	4 493.8	4 195.8	4 127.1
Employee entitlements	389.2	416.1	461.4	410.8
Payables	77.7	75.6	93.9	63.9
Other liabilities	265.6	254.4	252.0	304.6
Total Liabilities	5 060.7	5 551.7	5 314.8	5 217.7
NET ASSETS	11 080.8	11 112.3	13 571.8	13 364.2
Equity				
Accumulated surplus	6 632.2	6 280.3	8 626.7	8 523.7
Asset revaluation reserve	4 292.6	4 701.2	4 667.8	4 560.6
Other reserves	156.0	130.9	277.3	279.9
Total Equity	11 080.8	11 112.3	13 571.8	13 364.2

Table 4.4: General Government Balance Sheet (continued)

	31 Dec 2008	30 June 2010	30 June 2010	31 Dec 2009
	Actual	Original Budget	Revised Budget	Actual
	\$m	\$m	\$m	\$m
KEY FISCAL AGGREGATES				
NET WORTH¹	11 080.8	11 112.3	13 571.8	13 364.2
NET FINANCIAL WORTH²	1 178.2	291.7	2 930.1	3 019.7
NET FINANCIAL LIABILITIES³	2 711.5	3 674.3	3 056.6	2 844.8
NET DEBT⁴	(846.5)	(486.5)	(693.2)	(818.2)

Notes:

1. Net Worth represents total assets minus total liabilities.
2. Net Financial Worth represents financial assets minus total liabilities.
3. Net Financial Liabilities represents total liabilities less financial assets, excluding equity investments in the PNFC and PFC Sectors.
4. Net Debt represents borrowings less cash and deposits and investments.

Cash Flow Statement

Table 4.5 details the Cash Flow Statement for 2009-10. The key measure of the Cash Flow Statement is the Cash Surplus/(Deficit).

The 2009-10 Cash Deficit is estimated to be \$173.7 million, an improvement of \$255.5 million on the 2009-10 Budget estimate of \$429.2 million.

The significant variations to the 2009-10 Cash Flow Statement are outlined below.

Cash Receipts from Operating Activities

Cash receipts from operating activities are estimated to be \$4 637.5 million, \$300.8 million or 6.9 per cent more than the 2009-10 Budget estimate of \$4 336.7 million.

This reflects increases in Grants received of \$176.8 million; Taxation of \$62.5 million; Fines and regulatory fees of \$13.7 million; Interest received of \$13.4 million; Dividend, tax and rate equivalents of \$30.5 million and Other receipts of \$15.8 million. The increase in cash receipts is partly offset by a decrease in Sales of goods and services of \$12.1 million.

Cash Payments for Operating Activities

Cash payments for operating activities are estimated to be \$4 332.6 million, \$251.2 million or 6.2 per cent greater than the 2009-10 Budget estimate of \$4 081.4 million.

The increase primarily relates to additional Employee entitlements of \$52.3 million; Superannuation of \$21.8 million; Supplies and consumables of \$44.7 million; and Grants and subsidies paid of \$139.9 million. The increase in cash payments is partly offset by decreases in Other payments of \$7.2 million and Borrowing costs of \$300 000.

Net Cash Flows from Non-Financial Assets

The movement in Net cash flows from non-financial assets of \$206.1 million largely reflects the decrease in Purchases of non-financial assets of \$214.9 million as a result of revised timing of some capital projects.

Net Cash Flows from Financial Assets (Policy Purposes)

The movement in Net Cash Flows from financial assets (policy purposes) of \$85.5 million primarily reflects the Government's equity contribution to Tasmanian Railway Pty Ltd and additional funding for rail maintenance and rolling stock.

Net Cash Flows from Financing Activities

The movement in Net cash flows from financing activities of \$5.9 million more accurately reflects the Australian Government loan repayments for the Commonwealth-State Housing Agreement.

Table 4.5: General Government Cash Flow Statement

	2008-09 Dec YTD Actual \$m	2009-10 Original Budget \$m	2009-10 Revised Budget \$m	2009-10 Dec YTD Actual \$m
Cash flows from operating activities				
Cash received				
Grants received	1 198.0	2 759.1	2 935.9	1 423.5
Taxation	379.4	810.0	872.5	417.7
Sales of goods and services	159.3	369.9	357.8	172.0
Fines and regulatory fees	26.3	58.1	71.8	31.2
Interest received	44.6	33.2	46.6	19.0
Dividend, tax and rate equivalents	79.4	100.0	130.5	90.1
Other receipts	133.2	206.6	222.4	145.6
	2 020.2	4 336.7	4 637.5	2 299.1
Cash paid				
Employee entitlements	(926.8)	(1 873.7)	(1 926.0)	(1 004.5)
Superannuation	(127.7)	(268.0)	(289.8)	(133.1)
Supplies and consumables	(409.5)	(936.8)	(981.5)	(446.1)
Borrowing costs	(3.2)	(17.1)	(16.8)	(2.5)
Grants and subsidies paid	(451.9)	(814.2)	(954.1)	(569.2)
Other payments	(103.3)	(171.5)	(164.3)	(104.8)
	(2 022.4)	(4 081.4)	(4 332.6)	(2 260.2)
Net cash flows from operating activities	(2.2)	255.3	304.8	39.0
Cash flows from investing activities				
Non-financial assets				
Purchase of non-financial assets	(93.3)	(757.9)	(543.0)	(200.0)
Sale of non-financial assets	17.8	73.3	64.5	37.6
	(75.4)	(684.6)	(478.5)	(162.4)
Financial assets (policy purposes)				
Equity injections	(99.9)	(31.4)	(116.9)	(41.4)
Net advances paid	(6.6)	(25.4)	(25.4)	(4.9)
	(106.5)	(56.8)	(142.3)	(46.3)
Financial assets (liquidity purposes)				
Net purchase of investments	....	....	....	0.5
	....	....	....	0.5
Net cash flows from investing activities	(181.9)	(741.4)	(620.8)	(208.2)

Table 4.5: General Government Cash Flow Statement (continued)

	2008-09 Dec YTD Actual \$m	2009-10 Original Budget \$m	2009-10 Revised Budget \$m	2009-10 Dec YTD Actual \$m
Cash flows from financing activities				
Net borrowing	(15.9)	13.1	19.0	22.1
Net cash flows from financing activities	(15.9)	13.1	19.0	22.1
Net increase/(decrease) in cash held	(200.0)	(473.0)	(296.9)	(147.1)
Cash at beginning of the year	1 306.7	1 201.3	1 226.8	1 226.8
Cash at end of the period	1 106.7	728.3	929.8	1 079.7
KEY FISCAL AGGREGATES				
Net cash flows from operating activities	(2.2)	255.3	304.8	39.0
Plus Net cash from investments in non-financial assets	(75.4)	(684.6)	(478.5)	(162.4)
Equals CASH SURPLUS/(DEFICIT)	(77.6)	(429.2)	(173.7)	(123.4)

Policy and Parameter Statement

A Policy and Parameter Statement is a reconciliation of the major movements in the Net Operating Balance and the Fiscal Balance between two points in time. The movements reflect changes between the Budget and Forward Estimates reported in the 2009-10 Budget Papers and the revised estimates included in this Report.

The movements in the PPS are classified as revenue, expenses or net acquisition of non-financial assets, and then further categorised as a policy or parameter change. The classification of a variation as a policy or parameter change is a matter of judgment and it is recognised there may be some instances where part of a Government initiative may have both policy and parameter components.

Policy Variation

For the purpose of the PPS, a policy variation reflects a specific decision by the Government that has an impact on the Budget and Forward Estimates and is related to a new policy or represents a change in the Government's existing policy position since the previous Budget. A decision to change a Budget or Forward Estimate aggregate, which is consistent with an existing policy, is not a policy decision.

Parameter Variation

A parameter variation reflects changes to the Budget and Forward Estimates due to the economic environment, the agency operating environment or the timing of a transaction.

Parameter variations will reflect the impact of increased taxes, grants or other income that do not arise because of a Government decision; and demand and cost variations in agency service delivery, including the provision of indexation. Variations resulting from the rollover of a new Forward Estimate year and changes in accounting policies, such as a change in an agency depreciation policy, or where financial estimates are affected by a change in an Australian Accounting Standard are classified as parameter variations.

Table 4.6 lists those policy and parameter changes that have impacted on the formulation of the revised 2009-10 Budget and Forward Estimates for inclusion in this Report.

Table 4.6: Policy and Parameter Statement

	2009-10 Revised Budget	2010-11 Forward Estimate	2011-12 Forward Estimate	2012-13 Forward Estimate
	\$m	\$m	\$m	\$m
Forward Estimates (Net Operating Balance) as per the 2009-10 Budget (A)	(117.1)	(87.3)	(24.1)	73.6
Forward Estimates (Fiscal Balance) as per the 2009-10 Budget (B)	(569.5)	(491.6)	(167.6)	33.0
REVENUE				
Policy Decisions				
Land Tax Reform ¹	....	(28.1)	(28.9)	(29.6)
Local Government Revenue Guarantee Recoveries ²	....	(1.7)	(6.2)	(9.6)
Road Safety Initiatives Revenue	2.6	6.2	6.2	5.9
Shack Sites - Lease Fee Reduction	(0.2)	(0.3)	(0.3)	(0.3)
Total Policy Decisions	2.4	(23.9)	(29.2)	(33.6)
Parameter Adjustments				
Taxation				
Betting Exchange Taxes and Levies	....	(2.3)	(2.5)	(2.6)
Casino Tax and Licence Fees	3.0	0.1	(2.7)	(2.8)
Duties ³	33.1	33.7	35.3	36.5
Guarantee Fees ⁴	0.3	(3.9)	(11.3)	(9.9)
Land Tax	4.0	6.4	6.6	6.8
Lottery Tax	2.5	....	....	(0.1)
Motor Taxation	1.0	1.0	0.9	0.8
Payroll Tax ⁵	18.2	17.4	6.0	(0.6)
Totalizator Wagering Levy	0.3	0.3	0.3	0.2
Total Taxation	62.5	52.6	32.5	28.3
Dividend, Tax and Rate Equivalent Income				
Dividends				
Aurora Energy Pty Ltd	0.5	(1.3)	(1.1)	(1.0)
Forestry Tasmania	....	(0.6)	(1.5)	(0.3)
Hydro Tasmania	2.7	....	(7.6)	(13.0)
Motor Accidents Insurance Board	5.7	11.9	12.6	11.2
TOTE Tasmania Pty Ltd ⁶	3.0	9.6	9.6	9.6
Tasmanian Ports Corporation	(0.9)	(1.0)	....	....
Tasmanian Public Finance Corporation	3.0	(0.5)	(0.7)	....
The Public Trustee	0.1	(0.1)	....	....
Transend Networks Pty Ltd	2.5	3.3	10.3	11.2
	16.5	21.3	21.6	17.8

Table 4.6: Policy and Parameter Statement (continued)

	2009-10 Revised Budget	2010-11 Forward Estimate	2011-12 Forward Estimate	2012-13 Forward Estimate
	\$m	\$m	\$m	\$m
Income tax equivalents				
Aurora Energy Pty Ltd	(13.1)	(0.4)	(0.4)	(0.4)
Hydro Tasmania	....	(5.7)	(16.1)	(7.7)
Motor Accidents Insurance Board	26.6	6.2	4.4	4.5
TOTE Tasmania Pty Ltd ⁶	3.8	9.3	9.3	9.3
Tasmanian Public Finance Corporation	1.9	0.5	0.7	....
The Public Trustee	0.4	0.4	....	....
Transend Networks Pty Ltd	(5.7)	1.9	8.4	6.3
	13.9	12.1	6.2	12.0
Total Dividend, Tax and Rate Equivalent Income	30.5	33.4	27.9	29.8
Interest Income⁷	13.6	11.0	(0.8)	(11.9)
Australian Government Grants				
General Purpose Payments				
GST Revenue ⁸	82.5	72.7	69.6	44.9
	82.5	72.7	69.6	44.9
National Partnership Payments				
Education ⁹	50.2	(0.2)	10.2	0.4
Environment ¹⁰	16.6	....	....	....
Health	(1.7)	1.4	(0.7)	(0.5)
Housing ¹¹	5.9	(10.9)	(2.7)	....
Infrastructure ¹²	(3.3)	12.1	0.2	(0.5)
Other Services	0.4	(0.3)	0.1	0.2
	68.1	2.1	7.1	(0.4)
Specific Purpose Payments				
Education	1.4	2.1	2.1	2.1
	1.4	2.1	2.1	2.1
Other¹³	24.8	0.8	0.7	0.7
Total Australian Government Grants	176.8	77.7	79.5	47.3

Table 4.6: Policy and Parameter Statement (continued)

	2009-10 Revised Budget	2010-11 Forward Estimate	2011-12 Forward Estimate	2012-13 Forward Estimate
	\$m	\$m	\$m	\$m
Agency Revenue				
Education	(1.5)	3.0	(1.5)	(1.5)
Finance-General	0.2	(3.5)	0.1	2.2
Health and Human Services	(1.2)	(0.7)	(0.7)	(0.7)
Infrastructure, Energy and Resources ¹⁴	14.8	20.0	20.5	20.5
Justice	1.3	(0.7)	0.4	3.8
Police and Emergency Management	0.4	0.4	0.4	0.4
Premier and Cabinet	0.3	....	....	....
Primary Industries, Parks, Water and Environment	0.8	1.0	1.2	1.4
Total Agency Revenue	15.3	19.8	20.4	26.2
Total Parameter Adjustments	298.5	194.5	159.5	119.7
Total Revenue Variations(C)	300.9	170.7	130.4	86.2

EXPENSES**Policy Decisions****Agency Expenditure****Economic Development, Tourism and the Arts**

A-League Soccer Team	0.1	....	....	....
Disability Arts Funding	0.3	0.3	0.3	0.3
Falls Music and Arts Festival Infrastructure	0.1	0.1	0.1	....
Industry Assistance - Vodafone Australia	....	1.1	....	....
Launceston Tennis Centre ¹⁵	0.5	....	....	....
MS Fest	0.1	....	....	....
McCain Community Taskforce Priorities	0.7	0.2	0.1	....
National Broadband Network Grants	1.0	....	....	....
North-West Assistance Package	5.3	2.2	....	....
Refurbishment of Wirksworth for the Clarence Cricket Club and for Junior Soccer	0.2	....	....	....
Review of Theatre Sector ¹⁶	....	....	....	....
Sports Carnivals Association of Tasmania	....	0.2	0.2	0.2
Sports Grants Funding	0.3	0.3	0.3	0.3
Tasmanian Theatre Company Grant	0.1	....	....	....
Tourism Marketing, Communications and Major Events Support	4.0	....	....	....

Table 4.6: Policy and Parameter Statement (continued)

	2009-10 Revised Budget	2010-11 Forward Estimate	2011-12 Forward Estimate	2012-13 Forward Estimate
	\$m	\$m	\$m	\$m
Agency Expenditure (continued)				
Education				
Additional Funding for Frontline Services	13.1	12.8	12.2	12.0
Road Safety Initiatives	0.1	0.1	0.1	0.1
Tasmanian Adult Literacy Action Plan	....	2.4	2.8	2.9
Finance-General				
Capital assistance for Tasracing Pty Ltd	....	0.3	0.8	2.1
First Home Builders Land Tax Rebate ¹⁷	....	0.6	0.6	0.6
Land Tax Reform Rebate ¹⁷	18.3	0.7	....	....
Local Government Water and Sewerage Reform				
Guarantee Payments	(5.0)	(6.9)	(7.1)	(7.2)
Parliament Square Fit-Out Costs	1.5	12.0	12.0	....
State Fire Commission - Community Protection Plans	0.3	0.5	0.5	0.3
Water and Sewerage Community Service Obligation	6.5	6.8	7.2	7.5
Water and Sewerage Corporations Payment	8.9	19.0	31.3	....
Health and Human Services				
Additional Funding for Frontline Services	46.8	30.3	30.3	30.3
Aurora Pensioner Concession - Changed Indexation	....	0.6	1.1	1.7
Infrastructure, Energy and Resources				
Bass Strait Islands Energy Project	0.4	....	....	....
Birrilee Main Road	....	0.5	....	....
Formby Road Redevelopment Project	2.0	....	....	....
Metro Services	4.0	4.0	4.0	4.0
Local Government Road Maintenance	5.0	....	....	....
Removal of Roadside Vegetation Hazards Project	1.5	....	....	....
Road Safety Initiatives	0.4	1.1	1.2	1.2
Justice				
Additional Funding for Frontline Services	3.5	3.5	3.5	3.5
Crown Law Budget Management Strategies				
Quarantine	0.2	0.4	0.4	0.4
Crown Law Interview Rooms	0.4	....	....	....
Hayes Prison Farm Fire Safety Infrastructure	0.5	....	....	....
Integrity Commission	0.7	2.8	2.8	2.8
New Magistrate for the North-West Coast Courts	0.1	0.3	0.3	0.4
Road Safety Initiatives	....	0.6	0.5	0.5
Tasmanian Planning Commission	0.2	....	....	....

Table 4.6: Policy and Parameter Statement (continued)

	2009-10 Revised Budget	2010-11 Forward Estimate	2011-12 Forward Estimate	2012-13 Forward Estimate
	\$m	\$m	\$m	\$m
Agency Expenditure (continued)				
Police and Emergency Management				
Additional Funding for Frontline Services	....	1.9	2.8	3.1
Additional Police Priorities	0.2	2.1	0.8	1.2
Police Connectivity	0.8	2.2	2.0	1.4
Road Safety Initiatives	1.0	1.7	1.5	1.5
Step Back. Think. ¹⁸	....	0.1	....	....
Premier and Cabinet				
Haiti Relief Effort	0.2	....	....	....
Local Government Valuation and Rating Review	0.1	....	....	....
Premier's Sundry Grants	0.2	....	....	....
Social Inclusion	1.0	0.5	....	....
Primary Industries, Parks, Water and Environment				
Bushfire Preparedness	1.4	1.4	1.4	1.4
Community Protection Plans	0.1	0.1	0.1	0.1
Dairy Farmers Assistance Package	0.4	....	....	....
National Parks - Additional Funding for Frontline Services	0.6	2.5	2.5	2.5
Valuer-General - Land Tax Reform	0.5	1.5	1.5	4.0
Treasury and Finance				
Land Tax Reform	0.2	0.1	0.1	0.1
Total Agency Expenditure	128.5	110.7	118.0	78.8
Total Policy Decisions	128.5	110.7	118.0	78.8
Parameter Adjustments				
Depreciation¹⁹	3.5	9.2	14.8	15.0
Nominal Superannuation Interest Expense	0.4	12.9	13.8	9.9
Superannuation Expense²⁰	10.6	21.7	25.7	33.1
Borrowing Costs	0.1	0.1	....	0.3

Table 4.6: Policy and Parameter Statement (continued)

	2009-10 Revised Budget	2010-11 Forward Estimate	2011-12 Forward Estimate	2012-13 Forward Estimate
	\$m	\$m	\$m	\$m
Agency Expenditure				
Economic Development, Tourism and the Arts	5.7	0.5	....	....
Education ²¹	46.9	4.1	3.3	3.6
Finance-General	(6.6)	9.9	(1.9)	4.7
Health and Human Services ²²	27.5	1.1	2.3	2.4
Infrastructure, Energy and Resources ²³	10.1	8.0	9.0	8.9
Justice	1.3	1.0	2.1	1.5
Office of the Ombudsman	0.3	0.3	0.3	0.4
Premier and Cabinet	2.6	....	....	....
Primary Industries, Parks, Water and Environment ²⁴	16.5	6.9	5.0	0.5
Treasury and Finance	0.6	(0.4)	(0.4)	(0.4)
Other ²⁵	(1.0)	(2.9)	(2.5)	(4.2)
Total Agency Expenditure	104.0	28.5	17.4	17.5
Total Parameter Adjustments	118.6	72.5	71.7	75.7
Total Expenses from Transactions Variance (D)	247.2	183.2	189.8	154.7
NET OPERATING BALANCE²⁶	(63.4)	(99.8)	(83.5)	5.1
less NET ACQUISITION OF NON-FINANCIAL ASSETS				
Purchases of Non-Financial Assets				
Policy Decisions				
Education				
Cressy District High School	1.0	....	....	....
School Amalgamations	6.3	20.1	....	....
Justice				
Prisoner Transport Vehicle PODS	0.2	....	....	....
Total Policy Decisions	7.5	20.1	....	....
Parameter Adjustments				
Economic Development, Tourism and the Arts	(5.4)	....	2.7	2.7
Education ²⁷	25.5	48.4	9.9	....
Finance-General	(0.7)	....	....	....
Health and Human Services	1.7	10.7	5.0	25.2
Infrastructure, Energy and Resources ²⁸	(5.9)	(19.6)	(56.4)	(45.3)

Table 4.6: Policy and Parameter Statement (continued)

	2009-10 Revised Budget	2010-11 Forward Estimate	2011-12 Forward Estimate	2012-13 Forward Estimate
	\$m	\$m	\$m	\$m
Parameter Adjustments (continued)				
Justice	0.7	....	....	....
Police and Emergency Management	0.6	....	....	....
Primary Industries, Parks, Water and Environment	1.0	....	....	....
Whole-of-Government Capital Expenditure Adjustment ²⁹	(240.0)	(170.0)	170.0	240.0
Total Parameter Adjustments	(222.3)	(130.6)	131.1	222.6
Total Purchases of Non-Financial Assets (E)	(214.9)	(110.5)	131.1	222.6
Less Sales of Non-Financial Assets (F)	(13.1)	(1.2)	1.0	0.9
Less Depreciation - Total Parameter Adjustments (G)	3.5	9.2	14.8	15.0
TOTAL NET ACQUISITION OF NON-FINANCIAL ASSETS VARIANCE (H)³⁰	(205.3)	(118.6)	115.3	206.6
FISCAL BALANCE³¹	(310.4)	(385.6)	(342.4)	(242.1)

Notes:

1. The decrease in revenue reflects the implementation of the Government's Land Tax Reform initiative as announced by the Premier, David Bartlett MP, on 10 December 2009. The cost of the Land Tax Rebates provided to business and first home builders under the initiative is reflected in Finance-General as an expense.
2. Following changes to the implementation of the Water and Sewerage Reforms, the estimated Local Government Revenue Guarantee Recoveries will not be received.
3. The increase in Duties largely reflects the receipt of additional conveyance duty receipts as a result of higher than anticipated levels of activity in the property market.
4. The reduction in Guarantee Fees from 2010-11 primarily reflects a decrease in guarantee fees to be paid by Hydro Tasmania.
5. The increase in the Payroll Tax estimate from 2009-10 to 2011-12 reflects higher than anticipated employment levels and growth in average weekly earnings. Payroll Tax receipts are expected to return to budgeted levels by 2012-13.
6. The recognition of Dividend and Income Tax Equivalent income from TOTE Tasmania Pty Ltd reflects the Government's decision to not proceed with its sale.
7. The movement in Interest Income reflects higher than anticipated interest rates and changes to the level of cash held in the Public Account.
8. The increase in GST Revenue reflects Australian Government estimates in the *Mid-Year Economic and Fiscal Outlook 2010* (MYEFO) and higher collections to the GST pool in 2009-10 that have been reported since MYEFO.
9. The increase in Australian Government National Partnership Payment funding for Education primarily reflects additional receipts for: Primary Schools for the 21st Century (\$9.9 million); Science and Language Centres (\$31.3 million); Trade Training Centres (\$5.1 million); and Better TAFE Facilities (\$4.4 million).
10. The increase in Australian Government National Partnership Payment funding for the Environment reflects additional receipts under the Water for the Future Program (\$14.8 million) and the National Schools Solar Plan Program (\$1.8 million).
11. The decrease from 2010-11 in Australian Government National Partnership Payment funding for Housing reflects the redirection by the Australian Government of *Nation Building - Economic Stimulus Plan* funding.
12. The increase in Australian Government National Partnership Payment funding for Infrastructure in 2010-11 primarily reflects anticipated additional receipts for Rail Infrastructure Development.
13. The increase in Other Australian Government Grants primarily reflects additional receipts for Commonwealth Own Purpose Expenditure in Education (\$15.0 million), Acute Health Services (\$3.9 million), and Housing (\$5.5 million).

14. The increase in Infrastructure, Energy and Resources revenue reflects a greater level of mineral royalties as a result of stronger than anticipated commodity market prices for mineral resources.
15. The Launceston Tennis Centre will be provided total funding assistance of \$900 000 including an allocation of \$450 000 from the Urban Renewal and Heritage Fund.
16. Additional funding of \$25 000 has been provided to the Department of Economic Development, Tourism and the Arts in 2009-10 to undertake a review of the Tasmanian theatre sector.
17. The increase in expenditure reflects the implementation of the Government's Land Tax Reform initiative as announced by the Premier, David Bartlett MP, on 10 December 2009.
18. An allocation of \$25 000 will be provided for the Step Back. Think. initiative in 2009-10. Total funding of \$100 000 has been allocated to this initiative.
19. The increase in Depreciation reflects a review of the expense estimate by agencies following the actual depreciation expense outcome in 2008-09 and the anticipated impact of infrastructure investment.
20. The increase in the Superannuation Expense reflects the current actuarial assessment of the Government's unfunded superannuation liability and lump sum payments made to the Retirement Benefits Fund.
21. The increase in Education expenditure in 2009-10 reflects the impact of additional Australian Government funding.
22. The increase in Health and Human Services expenditure in 2009-10 reflects a pensioner concession payment to Aurora Energy Pty Ltd that was previously anticipated to be paid in 2008-09 (\$4.6 million), additional payments to Children Abused in Care (\$6.8 million), and the impact of additional Australian Government funding (\$13.3 million).
23. The increase in Infrastructure, Energy and Resources expenditure primarily reflects additional funding for Transport Concessions and Subsidies, and the allocation of monies from the Special Capital Investment Funds in 2009-10 for projects including the Wynyard Wharf and Precinct and the Smithton Wharf and Marina.
24. The increase in Primary Industries, Parks, Water and Environment reflects additional funding for fire suppression costs (\$1.0 million); expenditure from the Crown Lands Administration Fund on the Princes Wharf No 1 redevelopment (\$3.0 million); the allocation of monies from the Special Capital Investment Funds (\$4.0 million), and the allocation of monies from the Water Infrastructure Fund (\$9.0 million in 2009-10, \$4.5 million in 2010-11, and \$4.5 million in 2011-12).
25. Other Agency Expenditure primarily reflects the impact of whole-of-government eliminations and indexation.
26. Net Operating Balance is equal to $A + C - D$.
27. The increase in Education in 2009-10 primarily reflects the impact of expenditure of Australian Government funding, partially offset by the transfer of capital expenditure from 2009-10 to 2010-11.
28. The decrease in Infrastructure, Energy and Resources primarily reflects the reclassification of rail infrastructure to Equity Investments in the PNFC Sector to account for the creation of the new rail entity, Tasmanian Railway Pty Ltd.
29. The Whole-of-Government Capital Expenditure Adjustment reflects anticipated under-expenditure in infrastructure investment. It is expected that the under-expenditure in 2009-10 and 2010-11 will be offset through additional activity in 2011-12 and 2012-13.
30. Net Acquisition/(Disposal) of Non-Financial Assets is equal to $E - F - G$.
31. Fiscal Balance is equal to $B + C - D - H$.

Underlying Net Operating Balance

The Underlying Net Operating Balance is a measure which removes the distorting impact of one-off Australian Government funding for specific capital projects linked to the *Nation Building – Economic Stimulus Plan*, Auslink and Water for the Future.

Table 4.7: Underlying Net Operating Balance

	2009-10	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
	Budget	Revised Budget	Forward Estimate	Forward Estimate	Forward Estimate	Projection	Projection
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Net Operating Balance	(117.1)	(63.4)	(99.8)	(83.5)	5.1	7.5	115.4
Less Impact of One-off Australian Government funding for Specific Major Capital Programs ¹	317.7	375.6	258.5	112.6	4.0	....	....
Underlying Net Operating Balance	(434.8)	(439.0)	(358.3)	(196.2)	1.1	7.5	115.4
Underlying Net Operating Surplus on average over four-year rolling period by 2014-15	(124.0)	(132.8)	(212.6)	(274.9)	(248.1)	(136.5)	(18.0)

Note:

1. The impact of one-off Australian Government funding for Specific Major Capital Programs reflects the net impact of the *Nation Building - Economic Stimulus Plan* of \$437.0 million, additional funding for Nation Building (formerly Auslink) of \$299.0 million, and Water for the Future funding of \$14.8 million over the 2009-10 Budget and Forward Estimates.

5 UNIFORM GOVERNMENT REPORTING

In accordance with the Uniform Presentation Framework, agreed to by the Australian Loan Council in March 2000, this Report presents revised fiscal estimates that take into account fiscal developments since the commencement of the Budget year.

Table 5.1 presents details of the revised Loan Council Allocation for 2009-10, and Tables 5.2 to 5.16 present Income Statements, Balance Sheets and Cash Flow Statements for the General Government, PNFC, PFC, Total Non-Financial Public and Total State Sectors.

Loan Council arrangements provide for each State and Territory to nominate a LCA based on the estimated combined General Government and PNFC sector deficit, plus memorandum items. Memorandum items are other financing transactions, which for Loan Council purposes, are treated as analogous to borrowings. This measure of the level of financing, therefore, focuses on the call of the public sector on national savings.

A tolerance band calculated as two per cent of Total Non-Financial Public Sector Cash received from operating activities (estimated to be \$129.4 million for 2009-10) applies between the budgeted LCA and the LCA outcome. Applying this band to Tasmania's original Budget LCA for 2009-10 gives a tolerance band of \$851.8 million to \$593.0 million. The tolerance band recognises that LCAs are nominated at an early stage of the Budget process and that estimates are likely to change as a result of policy and parameter changes before and after Budgets are brought down.

Table 5.1 shows that the revised estimate of the 2009-10 LCA outcome is within the tolerance limit. The 2009-10 mid-year revised estimate of a LCA deficit of \$686.9 million is a \$35.5 million improvement from the original Budget estimate. The variance is due to a decrease in the General Government Cash Deficit of \$255.5 million and a fall in estimated New Cash Borrowings for the Local Government Sector of \$77.2 million, partially offset by an increase in the PNFC Sector deficit of \$265.2 million.

The variance in the General Government Cash Surplus is detailed in Section 4 of this Report. The results for the PNFC Sector have been significantly impacted by the decision of the Australian Bureau of Statistics to classify the State's water and sewerage entities within the PNFC Sector. The *Water and Sewerage Corporations Act 2008* vested the ownership and control of water and sewerage assets with local government. However, the Australian Bureau of Statistics has determined that the four water and sewerage entities should be classified within the PNFC Sector. These entities were previously expected to be classified within the Local Government Sector for the Original Budget LCA. In addition, the revised estimates now include forecasts for the Tasmanian Railway Pty Ltd. The increase in the PNFC Sector Cash Deficit primarily reflects an estimated additional \$177 million of capital expenditure within the Sector.

Estimated New Cash Borrowings for the Local Government Sector have decreased by \$77.0 million primarily as a result of the reclassification of the water and sewerage entities from the Local Government Sector to the PNFC Sector.

Table 5.1: Loan Council Allocation for 2009-10

	2009-10 Original Budget	2009-10 Revised Estimate
	\$m	\$m
General Government Sector Cash Deficit/(Surplus)	429.2	173.7
Public Non-Financial Corporations Sector Cash Deficit/(Surplus)	157.8	423.0
Total Non-Financial Public Sector Cash Deficit/(Surplus)	587.0	596.7
less Total Non-Financial Public Sector Net Cash Flows from Investments		
in Financial Assets for Policy Purposes	(25.4)	(57.4)
plus Local Government New Cash Borrowings	110.0	32.8
Total LCA Deficit/(Surplus)	722.4	686.9

General Government Sector

Table 5.2: General Government Income Statement

	2009-10 Original Budget	2009-10 Revised Budget	2010-11 Revised Estimate	2011-12 Revised Estimate	2012-13 Revised Estimate
	\$m	\$m	\$m	\$m	\$m
Revenue from transactions					
Grants	2 759.1	2 935.9	2 755.0	2 799.2	2 822.2
Taxation	810.0	872.5	854.6	875.4	916.3
Sales of goods and services	375.0	363.0	369.5	378.4	381.1
Fines and regulatory fees	64.1	77.8	88.4	90.6	92.4
Interest income	33.8	47.4	42.2	27.5	22.2
Dividend, tax and rate equivalent income	100.0	130.5	150.9	147.6	168.9
Other revenue	73.8	89.7	89.4	91.4	92.6
	4 215.8	4 516.7	4 350.1	4 410.1	4 495.6
Less Expenses from transactions					
Employee expenses	1 875.3	1 927.6	1 933.9	1 976.7	2 006.6
Superannuation	213.3	224.5	224.8	226.2	227.5
Depreciation	228.3	231.8	244.9	255.7	261.8
Supplies and consumables	937.9	982.6	932.4	921.6	912.8
Nominal superannuation interest expense	202.6	203.0	222.1	228.8	230.3
Borrowing costs	17.5	17.6	17.7	17.5	16.1
Grant expenses	814.4	953.1	848.5	844.0	811.2
Other expenses	43.6	39.8	25.5	23.2	24.2
	4 332.9	4 580.1	4 449.9	4 493.6	4 490.5
Equals NET OPERATING BALANCE	(117.1)	(63.4)	(99.8)	(83.5)	5.1
Plus Other economic flows – included in Operating Result					
Gain/(loss) on sale of non-financial assets	(5.5)	(19.1)	1.3	4.6	4.8
Revaluation of equity investment in PNFC and PFC Sectors	110.3	1 876.6	225.6	285.9	280.8
Revaluation of superannuation liability	....	(23.8)	....	....	....
Other gains/(losses)	1.7	1.2	....	(10.4)	(11.1)
	106.5	1 834.9	227.0	280.0	274.5
Equals Operating Result	(10.6)	1 771.5	127.2	196.5	279.7

Table 5.2: General Government Income Statement (continued)

	2009-10 Original Budget	2009-10 Revised Budget	2010-11 Revised Estimate	2011-12 Revised Estimate	2012-13 Revised Estimate
	\$m	\$m	\$m	\$m	\$m
Plus Other economic flows – other movements in equity					
Revaluations of non-financial assets	222.7	227.0	234.6	239.4	235.7
Other non-owner movements in equity	(1.3)	(75.8)	(59.3)	(54.0)	(33.5)
	221.4	151.2	175.3	185.4	202.2
Equals Comprehensive Result	210.8	1 922.7	302.5	381.9	481.9
KEY FISCAL AGGREGATES					
NET OPERATING BALANCE	(117.1)	(63.4)	(99.8)	(83.5)	5.1
Less Net acquisition/(disposal) of non-financial assets					
Purchase of non-financial assets	758.2	543.3	569.6	554.7	550.4
Less Sale of non-financial assets	77.6	64.5	38.8	40.2	41.3
Less Depreciation	228.3	231.8	244.9	255.7	261.8
	452.3	247.0	285.8	258.8	247.2
Equals FISCAL BALANCE–SURPLUS/(DEFICIT)	(569.5)	(310.4)	(385.6)	(342.4)	(242.1)

Table 5.3: General Government Balance Sheet as at 30 June

	2010 Original Budget \$m	2010 Revised Estimate \$m	2011 Revised Estimate \$m	2012 Revised Estimate \$m	2013 Revised Estimate \$m
Assets					
Financial assets					
Cash and deposits	728.3	929.8	657.3	414.1	279.3
Investments	70.1	75.1	93.6	81.4	59.7
Equity investments in PNFC and PFC					
Sectors	3 966.0	5 986.7	6 217.2	6 503.1	6 783.9
Other equity investments	3.0	5.5	5.5	5.1	5.1
Receivables	153.9	192.9	200.3	208.2	215.6
Other financial assets	922.0	1 054.9	1 071.5	1 094.2	1 111.4
	5 843.4	8 245.0	8 245.4	8 306.0	8 455.1
Non-financial assets					
Land and buildings	5 234.9	5 263.8	5 664.5	5 828.0	5 973.7
Infrastructure	4 906.3	4 608.5	4 701.1	5 028.2	5 364.7
Plant and equipment	156.8	223.3	230.2	222.5	212.4
Heritage and culture assets	454.2	457.6	468.5	479.2	490.4
Investment property	11.1	13.0	13.0	13.0	13.0
Intangible assets	24.3	27.4	24.9	22.2	19.6
Assets held for sale	7.0	9.3	7.6	7.6	7.6
Other non-financial assets	26.1	38.8	39.3	39.9	40.6
	10 820.6	10 641.7	11 149.3	11 640.5	12 122.0
Total Assets	16 664.0	18 886.6	19 394.6	19 946.6	20 577.1
Liabilities					
Borrowings	311.9	311.7	329.9	309.8	279.2
Superannuation	4 493.8	4 195.8	4 356.1	4 511.5	4 655.6
Employee entitlements	416.1	461.4	491.3	515.2	538.4
Payables	75.6	93.9	96.4	99.1	102.0
Other liabilities	254.4	252.0	246.6	254.7	263.8
Total Liabilities	5 551.7	5 314.8	5 520.3	5 690.3	5 838.9
NET ASSETS	11 112.3	13 571.8	13 874.3	14 256.3	14 738.2
Equity					
Accumulated surplus	6 280.3	8 626.7	8 687.7	8 827.6	9 071.0
Asset revaluation reserve	4 701.2	4 667.8	4 902.4	5 141.8	5 377.5
Other equity	130.9	277.3	284.3	286.9	289.6
Total Equity	11 112.3	13 571.8	13 874.3	14 256.3	14 738.2

Table 5.3: General Government Balance Sheet as at 30 June
(continued)

	2010 Original Budget	2010 Revised Estimate	2011 Revised Estimate	2012 Revised Estimate	2013 Revised Estimate
	\$m	\$m	\$m	\$m	\$m
KEY FISCAL AGGREGATES					
NET WORTH¹	11 112.3	13 571.8	13 874.3	14 256.3	14 738.2
NET FINANCIAL WORTH²	291.7	2 930.1	2 725.1	2 615.7	2 616.1
NET FINANCIAL LIABILITIES³	3 674.3	3 056.6	3 492.1	3 887.4	4 167.8
NET DEBT⁴	(486.5)	(693.2)	(420.9)	(185.6)	(59.9)

Notes:

1. Net Worth represents total assets minus total liabilities.
2. Net Financial Worth represents financial assets minus total liabilities.
3. Net Financial Liabilities represents total liabilities less financial assets, excluding equity investment in the PNFC and PFC Sectors.
4. Net Debt represents borrowings less cash and deposits and investments.

Table 5.4: General Government Cash Flow Statement

	2009-10 Original Budget	2009-10 Revised Estimate	2010-11 Revised Estimate	2011-12 Revised Estimate	2012-13 Revised Estimate
	\$m	\$m	\$m	\$m	\$m
Cash flows from operating activities					
Cash received					
Grants received	2 759.1	2 935.9	2 755.0	2 799.2	2 822.2
Taxation	810.0	872.5	854.6	875.4	916.3
Sales of goods and services	369.9	357.8	367.2	375.5	377.5
Fines and regulatory fees	58.1	71.8	82.4	84.6	86.4
Interest received	33.2	46.6	41.5	26.7	21.4
Dividend, tax and rate equivalents	100.0	130.5	150.9	147.6	168.9
Other receipts	206.6	222.4	222.6	226.0	228.8
	4 336.7	4 637.5	4 474.2	4 535.0	4 621.4
Cash paid					
Employee entitlements	(1 873.7)	(1 926.0)	(1 904.4)	(1 951.2)	(1 976.7)
Superannuation	(268.0)	(289.8)	(286.5)	(299.5)	(312.8)
Supplies and consumables	(936.8)	(981.5)	(932.1)	(921.6)	(912.5)
Borrowing costs	(17.1)	(16.8)	(17.2)	(17.0)	(15.6)
Grants and subsidies paid	(814.2)	(954.1)	(848.4)	(843.8)	(811.0)
Other payments	(171.5)	(164.3)	(158.3)	(156.9)	(157.6)
	(4 081.4)	(4 332.6)	(4 146.9)	(4 189.9)	(4 186.2)
Net cash flows from operating activities	255.3	304.8	327.3	345.1	435.2
Cash flows from investing activities					
Non-financial assets					
Purchase of non-financial assets	(757.9)	(543.0)	(569.3)	(554.4)	(550.0)
Sale of non-financial assets	73.3	64.5	38.8	40.2	41.3
	(684.6)	(478.5)	(530.5)	(514.2)	(508.7)
Financial assets (policy purposes)					
Equity injections	(31.4)	(116.9)	(68.8)	(67.2)	(53.2)
Net advances paid	(25.4)	(25.4)	(18.7)	12.0	21.5
	(56.8)	(142.3)	(87.5)	(55.2)	(31.7)
Net cash flows from investing activities	(741.4)	(620.8)	(618.0)	(569.4)	(540.5)

Table 5.4: General Government Cash Flow Statement (continued)

	2009-10 Original Budget	2009-10 Revised Estimate	2010-11 Revised Estimate	2011-12 Revised Estimate	2012-13 Revised Estimate
	\$m	\$m	\$m	\$m	\$m
Cash flows from financing activities					
Net borrowing	13.1	19.0	18.2	(19.0)	(29.5)
Net cash flows from financing activities	13.1	19.0	18.2	(19.0)	(29.5)
Net increase/(decrease) in cash held	(473.0)	(296.9)	(272.6)	(243.3)	(134.8)
Cash at beginning of the year	1 201.3	1 226.8	929.8	657.3	414.1
Cash at end of the year	728.3	929.8	657.3	414.1	279.3
KEY FISCAL AGGREGATES					
Net cash flows from operating activities	255.3	304.8	327.3	345.1	435.2
Plus Net cash from investments in non-financial assets	(684.6)	(478.5)	(530.5)	(514.2)	(508.7)
Equals CASH SURPLUS/(DEFICIT)	(429.2)	(173.7)	(203.2)	(169.1)	(73.5)

Public Non-Financial Corporations Sector

Table 5.5: Public Non-Financial Corporations Sector Income Statement

	2009-10 Original Budget	2009-10 Revised Estimate	2010-11 Revised Estimate	2011-12 Revised Estimate	2012-13 Revised Estimate
	\$m	\$m	\$m	\$m	\$m
Revenue from transactions					
Grants	102.7	130.4	112.1	109.3	107.0
Sales of goods and services	1 941.8	2 495.1	2 463.7	2 666.3	2 802.9
Interest income	4.5	4.9	4.8	5.1	6.0
Other revenue	49.4	50.8	75.9	65.1	68.7
	2 098.5	2 681.2	2 656.5	2 845.7	2 984.7
Less Expenses from transactions					
Employee expenses	289.7	367.4	384.3	406.9	421.1
Superannuation	39.9	49.1	43.9	44.6	45.3
Depreciation	267.2	330.6	363.7	379.3	391.2
Supplies and consumables	1 161.2	1 511.7	1 429.9	1 518.1	1 570.9
Borrowing costs	158.0	177.6	200.7	221.7	229.3
Dividend, tax and rate equivalent expenses	70.1	63.5	102.8	110.0	136.9
Grant expenses	21.5	21.5	22.0	22.6	23.5
Other expenses	15.9	18.0	18.7	19.8	20.6
	2 023.5	2 539.4	2 566.1	2 723.1	2 838.9
Equals NET OPERATING BALANCE	75.0	141.8	90.4	122.6	145.8
Plus Other economic flows – included in Operating Result					
Gain/(loss) on sale of non-financial assets	1.1	1.3	1.2	1.2	1.2
Other gains/(losses)	2.9	54.5	14.4	2.0	....
	4.0	55.8	15.6	3.2	1.2
Equals Operating Result	79.0	197.6	106.0	125.8	147.0

Table 5.5: Public Non-Financial Corporations Sector Income Statement (continued)

	2009-10 Original Budget	2009-10 Revised Estimate	2010-11 Revised Estimate	2011-12 Revised Estimate	2012-13 Revised Estimate
	\$m	\$m	\$m	\$m	\$m
Plus Other economic flows – other movements in equity					
Revaluations of non-financial assets	36.3	21.2	49.9	66.7	66.3
Other non-owner movements in equity	31.4	1 626.2	74.5	76.4	42.8
	67.7	1 647.4	124.4	143.2	109.1
Equals Comprehensive Result	146.7	1 845.0	230.4	268.9	256.1
KEY FISCAL AGGREGATES					
NET OPERATING BALANCE	75.0	141.8	90.4	122.6	145.8
Less Net acquisition/(disposal) of non-financial assets					
Purchase of non-financial assets	538.8	715.8	704.7	652.5	616.7
Less Sale of non-financial assets	2.9	3.0	6.7	2.7	2.8
Less Depreciation	267.2	330.6	363.7	379.3	391.2
	268.7	382.2	334.2	270.4	222.7
Equals FISCAL BALANCE – SURPLUS/(DEFICIT)	(193.7)	(240.4)	(243.8)	(147.9)	(76.9)

Table 5.6: Public Non-Financial Corporations Sector Balance Sheet as at 30 June

	2010 Original Budget \$m	2010 Revised Estimate \$m	2011 Revised Estimate \$m	2012 Revised Estimate \$m	2013 Revised Estimate \$m
Assets					
Financial assets					
Cash and deposits	134.9	163.4	161.7	206.7	238.4
Investments	15.9	20.7	21.5	19.4	19.6
Equity investment	567.9	124.2	187.1	182.8	217.0
Receivables	308.6	405.4	417.0	431.9	446.2
Other financial assets	1 307.4	1 408.1	1 426.6	1 429.0	1 428.4
	2 334.6	2 121.8	2 213.8	2 269.8	2 349.7
Non-financial assets					
Land, buildings and biological assets	883.3	936.7	983.8	1 025.3	1 038.8
Infrastructure	7 204.2	9 888.0	10 250.0	10 540.4	10 781.1
Plant and equipment	259.5	278.9	294.5	303.1	313.3
Intangible assets	....	54.9	54.9	54.9	54.9
Assets held for sale	2.7	2.7	2.5	2.4	2.4
Other non-financial assets	74.8	119.5	120.8	122.1	122.5
	8 424.4	11 280.8	11 706.5	12 048.2	12 313.0
Total Assets	10 759.0	13 402.6	13 920.4	14 318.0	14 662.8
Liabilities					
Borrowings	2 604.9	2 854.9	3 090.1	3 175.0	3 267.7
Superannuation	527.0	507.1	512.4	518.8	521.7
Employee entitlements	99.9	111.9	117.0	128.4	138.6
Payables	325.2	465.0	474.8	460.4	454.6
Other liabilities	3 397.7	3 765.7	3 797.7	3 838.0	3 826.7
	6 954.5	7 704.6	7 991.9	8 120.6	8 209.3
NET ASSETS	3 804.4	5 698.0	5 928.4	6 197.4	6 453.4
Equity					
Accumulated surplus	1 234.4	2 030.3	2 101.5	2 217.3	2 321.8
Asset revaluation reserve	1 037.3	862.2	912.1	978.9	1 045.1
Other equity	1 532.7	2 805.5	2 914.8	3 001.2	3 086.5
Total Equity	3 804.4	5 698.0	5 928.4	6 197.4	6 453.4

Table 5.6: Public Non-Financial Corporations Sector Balance Sheet as at 30 June (continued)

	2010 Original Budget	2010 Revised Estimate	2011 Revised Estimate	2012 Revised Estimate	2013 Revised Estimate
	\$m	\$m	\$m	\$m	\$m
KEY FISCAL AGGREGATES					
NET WORTH¹	3 804.4	5 698.0	5 928.4	6 197.4	6 453.4
NET FINANCIAL WORTH²	(4 619.9)	(5 582.8)	(5 778.1)	(5 850.8)	(5 859.6)
NET FINANCIAL LIABILITIES³	4 619.9	5 582.8	5 778.1	5 850.8	5 859.6
NET DEBT⁴	2 454.1	2 670.8	2 906.9	2 948.9	3 009.7

Notes:

1. Net Worth represents total assets minus total liabilities.
2. Net Financial Worth represents financial assets minus total liabilities.
3. Net Financial Liabilities represents total liabilities less financial assets. For the PNFC Sector this is equivalent to negative Net Financial Worth.
4. Net Debt represents borrowings less cash and deposits and investments.

Table 5.7: Public Non-Financial Corporations Sector Cash Flow Statement

	2009-10 Original Budget	2009-10 Revised Estimate	2010-11 Revised Estimate	2011-12 Revised Estimate	2012-13 Revised Estimate
	\$m	\$m	\$m	\$m	\$m
Cash flows from operating activities					
Cash received					
Grants received	98.3	126.5	112.0	109.2	106.9
Sales of goods and services	2 090.1	2 491.1	2 471.5	2 659.3	2 791.1
Interest received	4.1	4.9	4.2	4.5	5.5
Other receipts	185.4	178.7	197.2	229.0	213.4
	2 378.0	2 801.2	2 784.9	3 002.1	3 116.9
Cash paid					
Employee entitlements	(303.7)	(389.1)	(400.9)	(418.3)	(435.2)
Superannuation	(34.2)	(40.0)	(35.5)	(38.2)	(38.7)
Supplies and consumables	(1 104.4)	(1 672.7)	(1 422.4)	(1 499.2)	(1 557.2)
Borrowing costs	(154.2)	(175.9)	(206.9)	(228.7)	(234.7)
Grants and subsidies paid	(21.4)	(21.4)	(22.0)	(22.5)	(23.4)
Other payments	(311.9)	(148.8)	(139.0)	(150.2)	(156.3)
	(1 929.8)	(2 447.9)	(2 226.7)	(2 357.2)	(2 445.7)
Net cash flows from operating activities	448.1	353.2	558.1	644.9	671.2
Cash flows from investing activities					
Non-financial assets					
Purchase of non-financial assets	(538.8)	(715.8)	(704.7)	(652.5)	(616.7)
Sale of non-financial assets	2.9	3.0	6.7	2.7	2.8
	(535.9)	(712.8)	(697.9)	(649.7)	(613.9)
Financial assets (policy purposes)	31.4	84.8	7.2	72.2	18.6
Financial assets (liquidity purposes)	(76.5)	103.8	(1.6)	1.2	(0.6)
Net cash flows from investing activities	(581.0)	(524.1)	(692.3)	(576.4)	(595.9)

Table 5.7: Public Non-Financial Corporations Sector Cash Flow Statement (continued)

	2009-10 Original Budget	2009-10 Revised Estimate	2010-11 Revised Estimate	2011-12 Revised Estimate	2012-13 Revised Estimate
	\$m	\$m	\$m	\$m	\$m
Cash flows from financing activities					
Dividends and tax equivalents paid	(70.1)	(63.5)	(102.8)	(110.0)	(136.9)
Net borrowing	126.5	189.3	235.3	86.5	93.4
	56.4	125.9	132.5	(23.5)	(43.5)
Net increase/(decrease) in cash held	(76.5)	(45.0)	(1.8)	45.0	31.8
Cash at beginning of the year	211.3	208.4	163.4	161.7	206.7
Cash at end of the year	134.9	163.4	161.7	206.7	238.4
KEY FISCAL AGGREGATES					
Net cash flows from operating activities	448.1	353.2	558.1	644.9	671.2
Plus Net cash flows from non-financial assets	(535.9)	(712.8)	(697.9)	(649.7)	(613.9)
Plus Dividends, tax and rate equivalents paid	(70.1)	(63.5)	(102.8)	(110.0)	(136.9)
Equals CASH SURPLUS/(DEFICIT)	(157.8)	(423.0)	(242.7)	(114.8)	(79.6)

Total Non-Financial Public Sector

Table 5.8: Total Non-Financial Public Sector Income Statement

	2009-10 Original Budget	2009-10 Revised Estimate	2010-11 Revised Estimate	2011-12 Revised Estimate	2012-13 Revised Estimate
	\$m	\$m	\$m	\$m	\$m
Revenue from transactions					
Grants	2 759.1	2 935.9	2 755.0	2 799.2	2 822.2
Taxation	773.9	833.5	811.1	823.0	858.9
Sales of goods and services	2 278.9	2 820.0	2 793.7	3 003.3	3 141.1
Fines and regulatory fees	64.1	77.8	88.4	90.6	92.4
Interest income	36.5	52.3	47.0	32.6	28.2
Dividend, tax and rate equivalent income	29.9	67.0	48.0	37.6	32.0
Other revenue	123.2	140.4	165.3	156.4	161.2
	6 065.6	6 927.0	6 708.6	6 942.7	7 136.0
Less Expenses from transactions					
Employee expenses	2 165.0	2 295.0	2 318.2	2 383.7	2 427.7
Superannuation	253.2	273.6	268.7	270.8	272.8
Depreciation	495.5	562.4	608.6	635.0	653.0
Supplies and consumables	2 061.2	2 456.3	2 322.8	2 398.4	2 440.7
Nominal superannuation interest expense	202.6	203.0	222.1	228.8	230.3
Borrowing costs	153.5	174.2	193.6	206.5	208.7
Grant expenses	733.1	844.3	758.5	757.3	727.6
Other expenses	43.6	39.8	25.5	23.2	24.2
	6 107.8	6 848.6	6 717.9	6 903.7	6 985.1
Equals NET OPERATING BALANCE	(42.2)	78.3	(9.4)	39.0	150.9
Plus Other economic flows – included in Operating Result					
Gain/(loss) on sale of non-financial assets	(4.3)	(17.8)	2.5	5.8	6.0
Revaluation of equity investment in PFC Sector	(5.0)	37.6	0.1	17.0	24.7
Movement in superannuation liability	....	(23.8)	....	....	....
Other gains/(losses)	(26.8)	49.7	9.6	(8.4)	(11.1)
	(36.1)	45.7	12.2	14.3	19.7
Equals Operating Result	(78.3)	124.1	2.8	53.3	170.6

Table 5.8: Total Non-Financial Public Sector Income Statement (continued)

	2009-10 Original Budget	2009-10 Revised Estimate	2010-11 Revised Estimate	2011-12 Revised Estimate	2012-13 Revised Estimate
	\$m	\$m	\$m	\$m	\$m
Plus Other economic flows – other movements in equity					
Revaluations of non-financial assets	259.0	248.2	284.6	306.2	302.0
Other non-owner movements in equity	30.1	1 550.4	15.2	22.4	9.3
	289.1	1 798.6	299.7	328.6	311.3
Equals Comprehensive Result	210.8	1 922.7	302.5	381.9	481.9
KEY FISCAL AGGREGATES					
NET OPERATING BALANCE	(42.2)	78.3	(9.4)	39.0	150.9
Less Net acquisition/(disposal) of non-financial assets					
Purchase of non-financial assets	1 297.0	1 259.1	1 274.2	1 207.2	1 167.0
Less Sale of non-financial assets	80.5	67.5	45.6	42.9	44.1
Less Depreciation	495.5	562.4	608.6	635.0	653.0
	721.0	629.2	620.1	529.3	469.9
Equals FISCAL BALANCE – SURPLUS/(DEFICIT)	(763.2)	(550.9)	(629.4)	(490.2)	(319.0)

Table 5.9: Total Non-Financial Public Sector Balance Sheet as at 30 June

	2010 Original Budget \$m	2010 Revised Estimate \$m	2011 Revised Estimate \$m	2012 Revised Estimate \$m	2013 Revised Estimate \$m
Assets					
Financial assets					
Cash and deposits	863.1	1 093.3	819.0	620.7	517.7
Investments	86.0	95.7	115.0	100.8	79.3
Equity investment in PFC Sector	161.6	288.7	288.8	305.8	330.5
Other equity investments	571.0	129.7	192.5	187.9	222.1
Receivables	462.5	598.2	617.4	640.1	661.9
Other financial assets	1 272.0	1 143.8	1 173.9	1 183.0	1 186.5
	3 416.1	3 349.4	3 206.6	3 038.1	2 998.0
Non-financial assets					
Land, buildings and biological assets	6 118.2	6 200.6	6 648.3	6 853.3	7 012.5
Infrastructure	12 110.5	14 496.5	14 951.1	15 568.5	16 145.8
Plant and equipment	416.3	502.3	524.7	525.6	525.7
Heritage and cultural assets	454.2	457.6	468.5	479.2	490.4
Investment property	11.1	13.0	13.0	13.0	13.0
Intangible assets	24.3	82.3	79.9	77.1	74.5
Assets held for sale	9.7	12.0	10.2	10.0	10.0
Other non-financial assets	100.9	158.2	160.1	162.0	163.1
	19 245.0	21 922.5	22 855.8	23 688.8	24 435.0
Total Assets	22 661.1	25 271.9	26 062.3	26 726.9	27 433.0
Liabilities					
Borrowings	2 916.7	3 166.6	3 420.0	3 484.8	3 546.9
Superannuation	5 020.8	4 702.9	4 868.5	5 030.3	5 177.3
Employee entitlements	515.9	573.3	608.2	643.6	677.1
Payables	400.8	558.9	571.2	559.5	556.6
Other liabilities	2 694.6	2 698.4	2 720.0	2 752.4	2 737.1
Total Liabilities	11 548.8	11 700.1	12 188.0	12 470.6	12 694.9
NET ASSETS	11 112.3	13 571.8	13 874.3	14 256.3	14 738.2
Equity					
Accumulated surplus	4 823.6	6 253.0	6 154.8	6 141.5	6 233.4
Asset revaluation reserve	5 738.5	5 530.0	5 814.5	6 120.7	6 422.7
Other equity	550.3	1 788.8	1 905.1	1 994.1	2 082.1
Total Equity	11 112.3	13 571.8	13 874.3	14 256.3	14 738.2

Table 5.9: Total Non-Financial Public Sector Balance Sheet as at 30 June (continued)

	2010 Original Budget	2010 Revised Estimate	2011 Revised Estimate	2012 Revised Estimate	2013 Revised Estimate
	\$m	\$m	\$m	\$m	\$m
KEY FISCAL AGGREGATES					
NET WORTH¹	11 112.3	13 571.8	13 874.3	14 256.3	14 738.2
NET FINANCIAL WORTH²	(8 132.7)	(8 350.6)	(8 981.4)	(9 432.5)	(9 696.9)
NET FINANCIAL LIABILITIES³	8 294.3	8 639.3	9 270.2	9 738.2	10 027.4
NET DEBT⁴	1 967.6	1 977.6	2 486.0	2 763.3	2 949.8

Notes:

1. Net Worth represents total assets minus total liabilities.
2. Net Financial Worth represents financial assets minus total liabilities.
3. Net Financial Liabilities represents total liabilities less financial assets, excluding equity investment in the PFC Sector.
4. Net Debt represents borrowings less cash and deposits and investments.

Table 5.10: Total Non-Financial Public Sector Cash Flow Statement

	2009-10 Original Budget	2009-10 Revised Estimate	2010-11 Revised Estimate	2011-12 Revised Estimate	2012-13 Revised Estimate
	\$m	\$m	\$m	\$m	\$m
Cash flows from operating activities					
Cash received					
Grants received	2 759.1	2 935.9	2 755.0	2 799.2	2 822.2
Taxation	773.9	833.5	811.1	823.0	858.9
Sales of goods and services	2 422.1	2 810.9	2 799.2	2 993.5	3 125.7
Fines and regulatory fees	58.1	71.8	82.4	84.6	86.4
Interest received	35.4	51.5	45.7	31.2	26.9
Dividend, tax and rate equivalents	29.9	67.0	48.0	37.6	32.0
Other receipts	392.0	401.1	419.8	455.1	442.1
	6 470.4	7 171.6	6 961.2	7 224.2	7 394.2
Cash paid					
Employee entitlements	(2 177.4)	(2 315.1)	(2 305.4)	(2 369.5)	(2 411.9)
Superannuation	(302.2)	(329.9)	(322.1)	(337.6)	(351.5)
Supplies and consumables	(2 003.3)	(2 616.2)	(2 315.0)	(2 379.4)	(2 426.7)
Borrowing costs	(149.4)	(171.7)	(199.3)	(213.1)	(213.7)
Grants and subsidies paid	(737.2)	(849.1)	(758.3)	(757.1)	(727.5)
Other payments	(467.5)	(295.1)	(278.6)	(287.3)	(293.3)
	(5 837.1)	(6 577.0)	(6 178.6)	(6 344.1)	(6 424.7)
Net cash flows from operating activities	633.4	594.6	782.5	880.1	969.5
Cash flows from investing activities					
Non-financial assets					
Purchase of non-financial assets	(1 296.7)	(1 258.8)	(1 274.0)	(1 206.9)	(1 166.7)
Sale of non-financial assets	76.3	67.5	45.6	42.9	44.1
	(1 220.4)	(1 191.3)	(1 228.4)	(1 163.9)	(1 122.6)
Financial assets (policy purposes)	(25.4)	(57.4)	(80.3)	16.9	(13.1)
Financial assets (liquidity purposes)	(76.5)	103.8	(1.6)	1.2	(0.6)
Net cash flows from investing activities	(1 322.3)	(1 144.9)	(1 310.3)	(1 145.9)	(1 136.4)

Table 5.10: Total Non-Financial Public Sector Cash Flow Statement
(continued)

	2009-10 Original Budget	2009-10 Revised Estimate	2010-11 Revised Estimate	2011-12 Revised Estimate	2012-13 Revised Estimate
	\$m	\$m	\$m	\$m	\$m
Cash flows from financing activities					
Net borrowing	139.5	208.4	253.5	67.5	63.9
Net cash flows from financing activities	139.5	208.4	253.5	67.5	63.9
Net increase/(decrease) in cash held	(549.5)	(341.9)	(274.3)	(198.3)	(103.0)
Cash at beginning of the year	1 412.6	1 435.2	1 093.3	819.0	620.7
Cash at end of the year	863.1	1 093.3	819.0	620.7	517.7
KEY FISCAL AGGREGATES					
Net cash flows from operating activities	633.4	594.6	782.5	880.1	969.5
Plus Net cash flows from non-financial assets	(1 220.4)	(1 191.3)	(1 228.4)	(1 163.9)	(1 122.6)
Equals CASH SURPLUS/(DEFICIT)	(587.1)	(596.7)	(445.9)	(283.8)	(153.1)

Public Financial Corporations Sector

Table 5.11: Public Financial Corporations Sector Income Statement

	2009-10 Original Budget	2009-10 Revised Estimate	2010-11 Revised Estimate	2011-12 Revised Estimate	2012-13 Revised Estimate
	\$m	\$m	\$m	\$m	\$m
Revenue from transactions					
Sales of goods and services	1.5	1.5	1.5	1.6	1.6
Interest income	552.3	449.1	401.7	397.1	403.0
Other revenue	128.6	133.0	136.8	146.3	153.8
	682.4	583.7	540.0	545.0	558.4
Less Expenses from transactions					
Employee expenses	2.5	5.0	5.1	5.3	5.6
Superannuation	0.4	0.4	0.4	0.5	0.5
Depreciation	0.4	0.3	0.3	0.4	0.4
Supplies and consumables	153.9	144.4	169.8	187.3	198.2
Borrowing costs	470.3	312.9	308.1	295.4	295.4
Dividend and income tax equivalent expenses	29.9	67.1	48.0	37.6	32.0
Other expenses	0.1	0.1	0.1	0.1	0.2
	657.5	530.2	531.8	526.5	532.2
Equals NET OPERATING BALANCE	24.9	53.4	8.2	18.5	26.2
Plus Other economic flows – included in Operating Result	....	....	....	....	....
Equals Operating Result	24.9	53.4	8.2	18.5	26.2
Plus Other economic flows – other movements in equity					
Other non-owner movements in equity	(29.2)	(15.8)	(8.0)	(1.5)	(1.5)
	(29.2)	(15.8)	(8.0)	(1.5)	(1.5)
Equals Comprehensive Result	(4.4)	37.7	0.1	17.0	24.7

Table 5.11: Public Financial Corporations Sector Income Statement (continued)

	2009-10 Original Budget	2009-10 Revised Estimate	2010-11 Revised Estimate	2011-12 Revised Estimate	2012-13 Revised Estimate
	\$m	\$m	\$m	\$m	\$m
KEY FISCAL AGGREGATES					
NET OPERATING BALANCE	24.9	53.4	8.2	18.5	26.2
Less Net acquisition/(disposal) of non-financial assets					
Purchase of non-financial assets	0.3	0.2	0.2	0.2	0.2
Less Sale of non-financial assets	0.1	....	....	....	....
Less Depreciation	0.4	0.3	0.3	0.4	0.4
	(0.2)	(0.1)	(0.2)	(0.2)	(0.2)
Equals FISCAL BALANCE – SURPLUS/(DEFICIT)	25.1	53.6	8.3	18.7	26.4

Table 5.12: Public Financial Corporations Sector Balance Sheet as at 30 June

	2010 Original Budget	2010 Revised Estimate	2011 Revised Estimate	2012 Revised Estimate	2013 Revised Estimate
	\$m	\$m	\$m	\$m	\$m
Assets					
Financial assets					
Cash and deposits	0.2	81.2	89.1	98.2	107.4
Investments	6 980.7	6 117.2	6 021.3	5 808.5	5 890.9
Equity investments	550.0	550.0	550.0	550.0	550.0
Receivables	16.9	17.1	17.4	19.2	19.5
Other financial assets	84.7	58.5	46.3	41.4	38.8
	7 632.6	6 824.0	6 724.0	6 517.3	6 606.7
Non-financial assets					
Land and buildings	....	14.9	16.4	18.1	19.9
Plant and equipment	0.8	0.7	0.7	0.7	0.7
	0.8	15.6	17.1	18.8	20.5
Total Assets	7 633.3	6 839.7	6 741.1	6 536.1	6 627.2
Liabilities					
Borrowings	6 581.0	5 744.1	5 563.7	5 247.1	5 225.4
Superannuation	2.6	3.0	3.1	3.2	3.3
Employee entitlements	0.3	0.5	0.4	0.4	0.4
Payables	2.3	2.9	2.9	2.9	2.9
Other liabilities	885.5	800.6	882.3	976.8	1 064.8
Total Liabilities	7 471.7	6 551.0	6 452.4	6 230.3	6 296.7
NET ASSETS	161.6	288.7	288.8	305.8	330.5
Equity					
Accumulated surplus	151.6	278.7	278.8	295.8	320.5
Other equity	10.0	10.0	10.0	10.0	10.0
Total Equity	161.6	288.7	288.8	305.8	330.5

Table 5.12: Public Financial Corporations Sector Balance Sheet as at 30 June (continued)

	2010 Original Budget	2010 Revised Estimate	2011 Revised Estimate	2012 Revised Estimate	2013 Revised Estimate
	\$m	\$m	\$m	\$m	\$m
KEY FISCAL AGGREGATES					
NET WORTH¹	161.6	288.7	288.8	305.8	330.5
NET FINANCIAL WORTH²	160.8	273.0	271.7	287.0	310.0
NET FINANCIAL LIABILITIES³	(160.8)	(273.0)	(271.7)	(287.0)	(310.0)
NET DEBT⁴	(399.9)	(454.4)	(546.6)	(659.6)	(773.0)

Notes:

1. Net Worth represents total assets minus total liabilities.
2. Net Financial Worth represents financial assets minus total liabilities.
3. Net Financial Liabilities represents total liabilities less financial assets. For the PFC Sector this is equivalent to negative Net Financial Worth.
4. Net Debt represents borrowings less cash and deposits and investments.

Table 5.13: Public Financial Corporations Sector Cash Flow Statement

	2009-10 Original Budget	2009-10 Revised Estimate	2010-11 Revised Estimate	2011-12 Revised Estimate	2012-13 Revised Estimate
	\$m	\$m	\$m	\$m	\$m
Cash flows from operating activities					
Cash received					
Sales of goods and services	144.3	144.6	153.1	162.4	172.3
Interest received	520.7	390.3	362.0	351.6	354.5
Other receipts	....	2.4	1.9	2.0	2.1
	665.0	537.2	517.0	516.0	529.0
Cash paid					
Employee entitlements	(2.5)	(2.6)	(2.5)	(2.6)	(2.6)
Supplies and consumables	....	(84.5)	(86.9)	(99.8)	(120.5)
Borrowing costs	(470.3)	(312.9)	(308.1)	(295.4)	(295.4)
Other payments	(99.2)	(8.5)	(8.9)	(9.3)	(9.8)
	(572.0)	(408.5)	(406.4)	(407.1)	(428.3)
Net cash flows from operating activities	93.1	128.7	110.5	108.8	100.7
Cash flows from investing activities					
Non-financial assets					
Purchase of non-financial assets	(0.3)	(0.2)	(0.2)	(0.2)	(0.2)
Sale of non-financial assets	0.1	....	....	....	....
	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Financial assets (liquidity purposes)	(63.8)	587.0	125.8	254.7	(37.7)
Net cash flows from investing activities	(63.9)	586.8	125.7	254.6	(37.9)
Cash flows from financing activities					
Net borrowing	....	(569.6)	(180.4)	(316.6)	(21.7)
Dividends and tax equivalents paid	(29.9)	(67.1)	(48.0)	(37.6)	(32.0)
Net cash flows from financing activities	(29.9)	(636.7)	(228.4)	(354.2)	(53.6)
Net increase/(decrease) in cash held	(0.8)	78.8)	7.8)	9.1)	9.2)
Cash at beginning of the year	1.0)	2.4)	81.2)	89.1)	98.2)
Cash at end of the year	0.2)	81.2)	89.1)	98.2)	107.4)

Table 5.13: Public Financial Corporations Sector Cash Flow Statement (continued)

	2009-10 Original Budget	2009-10 Revised Estimate	2010-11 Revised Estimate	2011-12 Revised Estimate	2012-13 Revised Estimate
	\$m	\$m	\$m	\$m	\$m
KEY FISCAL AGGREGATES					
Net cash flows from operating activities	93.1	128.7	110.5	108.8	100.7
Plus Net cash from non-financial assets	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Plus Dividends and tax equivalents paid	(29.9)	(67.1)	(48.0)	(37.6)	(32.0)
Equals CASH SURPLUS/(DEFICIT)	63.0	61.5	62.4	71.1	68.6

Total State Sector

Table 5.14: Total State Sector Income Statement

	2009-10 Original Budget	2009-10 Revised Estimate	2010-11 Revised Estimate	2011-12 Revised Estimate	2012-13 Revised Estimate
	\$m	\$m	\$m	\$m	\$m
Revenue from transactions					
Grants	2 759.0	2 935.9	2 755.0	2 799.2	2 822.2
Taxation	773.9	833.4	811.0	822.9	858.8
Sales of goods and services	2 276.3	2 820.0	2 793.7	3 003.3	3 141.1
Fines and regulatory fees	64.1	77.8	88.4	90.6	92.4
Interest income	353.3	306.6	248.0	228.9	229.6
Other revenue	251.8	273.4	302.1	302.8	315.0
	6 478.2	7 247.1	6 998.2	7 247.7	7 459.1
Less Expenses from transactions					
Employee expenses	2 167.3	2 300.0	2 323.2	2 388.9	2 433.3
Superannuation	253.6	274.0	269.1	271.3	273.3
Depreciation	495.9	562.7	608.9	635.3	653.4
Supplies and consumables	2 211.0	2 599.1	2 491.0	2 584.1	2 637.3
Nominal superannuation interest expense	202.6	203.0	222.1	228.8	230.3
Borrowing costs	388.4	292.2	301.0	301.2	302.5
Grant expenses	733.1	844.3	758.5	757.3	727.6
Other expenses	43.7	39.8	25.5	23.2	24.2
	6 495.6	7 115.3	6 999.4	7 190.1	7 281.9
Equals NET OPERATING BALANCE	(17.4)	131.8	(1.2)	57.5	177.2
plus Other economic flows – included in Operating Result					
Gain/(loss) on sale of non-financial assets	(4.3)	(17.8)	2.5	5.8	6.0
Movement in superannuation liability	....	(23.8)	....	....	....
Other gains/(losses)	(27.4)	49.7	9.6	(8.4)	(11.1)
	(31.8)	8.1	12.1	(2.7)	(5.0)
Equals Operating Result	(49.2)	139.8	10.9	54.8	172.1
plus Other economic flows – other movements in equity					
Revaluations of non-financial assets	259.0	248.2	284.6	306.2	302.0
Other non-owner movements in equity	0.8	1 534.7	7.1	20.9	7.8
	259.9	1 782.8	291.7	327.1	309.8
Equals Comprehensive Result	210.8	1 922.7	302.5	381.9	481.9

Table 5.14: Total State Sector Income Statement (continued)

	2009-10 Original Budget	2009-10 Revised Estimate	2010-11 Revised Estimate	2011-12 Revised Estimate	2012-13 Revised Estimate
	\$m	\$m	\$m	\$m	\$m
KEY FISCAL AGGREGATES					
NET OPERATING BALANCE	(17.4)	131.8	(1.2)	57.5	177.2
Less Net acquisition/(disposal) of non-financial assets					
Purchase of non-financial assets	1 297.2	1 259.3	1 274.4	1 207.4	1 167.2
Less Sale of non-financial assets	80.6	67.5	45.6	42.9	44.1
Less Depreciation	495.9	562.7	608.9	635.3	653.4
	720.8	629.1	619.9	529.1	469.7
Equals FISCAL BALANCE – SURPLUS/(DEFICIT)	(738.2)	(497.3)	(621.1)	(471.6)	(292.6)

Table 5.15: Total State Sector Balance Sheet as at 30 June

	2010 Original Budget \$m	2010 Revised Estimate \$m	2011 Revised Estimate \$m	2012 Revised Estimate \$m	2013 Revised Estimate \$m
Assets					
Financial assets					
Cash and deposits	152.6	155.4	152.3	158.2	155.3
Investments	4 522.7	3 727.8	3 681.8	3 545.5	3 582.2
Other equity investments	1 121.0	679.7	742.5	737.9	772.1
Receivables	479.4	615.3	634.8	659.3	681.4
Other financial assets	1 273.1	1 143.8	1 173.9	1 183.0	1 186.5
	7 548.8	6 322.0	6 385.3	6 283.8	6 377.4
Non-financial assets					
Land, buildings and biological assets	6 118.2	6 215.5	6 664.7	6 871.5	7 032.4
Infrastructure	12 110.5	14 496.5	14 951.1	15 568.5	16 145.8
Plant and equipment	417.0	503.0	525.4	526.3	526.4
Heritage and cultural assets	454.2	457.6	468.5	479.2	490.4
Investment property	11.1	13.0	13.0	13.0	13.0
Assets held for sale	24.3	82.3	79.9	77.1	74.5
Intangible assets	9.7	12.0	10.2	10.0	10.0
Other non-financial assets	100.9	158.2	160.1	162.0	163.1
	19 245.8	21 938.1	22 872.9	23 707.6	24 455.6
Total Assets	26 794.6	28 260.1	29 258.1	29 991.4	30 833.0
Liabilities					
Borrowings	6 243.0	5 406.4	5 773.4	5 807.5	5 914.3
Superannuation	5 023.4	4 705.8	4 871.6	5 033.5	5 180.6
Employee entitlements	516.3	573.8	608.6	643.9	677.4
Payables	403.0	561.8	574.1	562.4	559.5
Other liabilities	3 496.6	3 440.6	3 556.0	3 687.8	3 763.1
Total Liabilities	15 682.2	14 688.4	15 383.8	15 735.1	16 094.8
NET ASSETS	11 112.3	13 571.8	13 874.3	14 256.3	14 738.2
Equity					
Accumulated surplus	4 823.6	6 253.0	6 154.8	6 141.6	6 233.4
Asset revaluation reserve	5 738.5	5 530.0	5 814.5	6 120.7	6 422.7
Other equity	550.3	1 788.8	1 905.1	1 994.1	2 082.1
Total Equity	11 112.3	13 571.8	13 874.3	14 256.3	14 738.2

Table 5.15: Total State Sector Balance Sheet as at 30 June
(continued)

	2010 Original Budget	2010 Revised Estimate	2011 Revised Estimate	2012 Revised Estimate	2013 Revised Estimate
	\$m	\$m	\$m	\$m	\$m
KEY FISCAL AGGREGATES					
NET WORTH¹	11 112.3	13 571.8	13 874.3	14 256.3	14 738.2
NET FINANCIAL WORTH²	(8 133.4)	(8 366.3)	(8 998.5)	(9 451.3)	(9 717.4)
NET FINANCIAL LIABILITIES³	8 133.4	8 366.3	8 998.5	9 451.3	9 717.4
NET DEBT⁴	1 567.7	1 523.2	1 939.3	2 103.7	2 176.8

Notes:

1. Net Worth represents total assets minus total liabilities.
2. Net Financial Worth represents financial assets minus total liabilities.
3. Net Financial Liabilities represents total liabilities less financial assets. For the Total State Sector this is equivalent to negative Net Financial Worth.
4. Net Debt represents borrowings less cash and deposits and investments.

Table 5.16: Total State Sector Cash Flow Statement

	2009-10 Original Budget	2009-10 Revised Estimate	2010-11 Revised Estimate	2011-12 Revised Estimate	2012-13 Revised Estimate
	\$m	\$m	\$m	\$m	\$m
Cash flows from operating activities					
Cash received					
Grants received	2 759.1	2 935.9	2 755.0	2 799.2	2 822.2
Taxation	773.9	833.4	811.0	822.9	858.8
Sales of goods and services	2 562.2	2 953.9	2 950.8	3 154.4	3 296.4
Fines and regulatory fees	58.1	71.8	82.4	84.6	86.4
Interest received	333.7	246.9	207.0	182.0	179.8
Other receipts	392.0	403.5	421.7	457.0	444.2
	6 878.8	7 445.4	7 227.8	7 500.1	7 687.8
Cash paid					
Employee entitlements	(2 179.8)	(2 317.7)	(2 307.9)	(2 372.1)	(2 414.5)
Superannuation	(302.2)	(329.9)	(322.1)	(337.6)	(351.5)
Supplies and consumables	(1 999.2)	(2 699.2)	(2 400.4)	(2 477.7)	(2 545.6)
Borrowing costs	(397.2)	(289.8)	(306.7)	(307.7)	(307.4)
Grants and subsidies paid	(737.2)	(849.1)	(758.3)	(757.1)	(727.5)
Other payments	(566.7)	(303.5)	(287.4)	(296.5)	(302.9)
	(6 182.3)	(6 789.1)	(6 382.8)	(6 548.8)	(6 649.5)
Net cash flows from operating activities	696.5	656.3	845.1	951.4	1 038.3
Cash flows from investing activities					
Non-financial assets					
Purchase of non-financial assets	(1 296.9)	(1 258.8)	(1 274.0)	(1 206.9)	(1 166.7)
Sale of non-financial assets	76.3	67.3	45.4	42.8	43.9
	(1 220.6)	(1 191.5)	(1 228.6)	(1 164.1)	(1 122.8)
Financial assets (policy purposes)	(25.4)	(57.4)	(80.3)	16.9	(13.1)
Financial assets (liquidity purposes)	(140.3)	485.8	88.2	167.9	(11.3)
Net cash flows from investing activities	(1 386.3)	(763.1)	(1 220.7)	(979.3)	(1 147.3)

Table 5.16: Total State Sector Cash Flow Statement (continued)

	2009-10 Original Budget	2009-10 Revised Estimate	2010-11 Revised Estimate	2011-12 Revised Estimate	2012-13 Revised Estimate
	\$m	\$m	\$m	\$m	\$m
Cash flows from financing activities					
Net borrowings	691.4	(62.9)	372.5	33.9	106.1
Net cash flows from financing activities	691.4	(62.9)	372.5	33.9	106.1
Net increase/(decrease) in cash held	1.6	(169.7)	(3.1)	5.9	(2.9)
Cash at beginning of the year	151.0	325.1	155.4	152.3	158.2
Cash at end of the year	152.6	155.4	152.3	158.2	155.3
KEY FISCAL AGGREGATES					
Net cash flows from operating activities	696.5	656.3	845.1	951.4	1 038.3
Plus Net cash from investments in non-financial assets	(1 220.6)	(1 191.5)	(1 228.6)	(1 164.1)	(1 122.8)
Equals CASH SURPLUS/(DEFICIT)	(524.1)	(535.2)	(383.5)	(212.8)	(84.5)

6 CONSOLIDATED FUND

The Consolidated Fund Deficit is estimated to be \$137.3 million for 2009-10, an improvement of \$212.3 million on the 2009-10 Budget estimated deficit of \$349.6 million.

The Consolidated Fund Deficit as at 31 December 2009 of \$217.2 million reflects cyclic variations in revenue collections and expenditure through the Consolidated Fund and does not provide a pro rata indication of the Consolidated Fund Outcome for the full financial year.

Table 6.1: Consolidated Fund Outcome 2009-10

	2008-09 December YTD Actual \$m	2009-10 Original Budget \$m	2009-10 Revised Budget \$m	2009-10 December YTD Actual \$m
Receipts				
Australian Government recurrent receipts				
General purpose payments	828.7	1 526.5	1 609.0	766.5
Specific purpose payments	235.2	562.4	563.8	292.4
National partnership payments	....	642.6	710.7	291.2
Other grants and subsidies	....	15.4	40.7	2.9
	1 064.0	2 746.9	2 924.2	1 353.1
State source recurrent receipts				
Taxation	404.8	822.8	887.3	445.7
Receipts from government businesses	83.8	120.1	150.9	90.2
Departmental fees and recoveries	36.2	82.2	80.2	58.0
Recoveries of State debt charges	....	0.4	0.4	....
Sale and rent of government property	....	42.0	42.0	....
Resource rents and royalties	17.9	23.1	37.9	19.3
Other recurrent receipts	153.8	107.7	141.1	27.0
	696.5	1 198.3	1 339.8	640.2
Capital receipts				
Australian Government sources	15.0	0.5	0.5	....
State sources	0.4	0.3	0.3	....
	15.4	0.8	0.8	....
Total Receipts	1 775.9	3 946.0	4 264.8	1 993.3
Less Expenditure				
Recurrent services				
Appropriation Act	1 737.6	3 527.3	3 814.2	1 942.2
Reserved by Law	75.0	147.1	145.7	74.4
	1 812.6	3 674.4	3 959.9	2 016.7
Works and services				
Capital Investment Program	72.7	605.4	423.7	193.8
Economic and Social Infrastructure Fund	....	8.8	8.8	....
Infrastructure Tasmania Fund	....	7.0	9.7	....
	72.7	621.2	442.1	193.8
Total Expenditure	1 885.4	4 295.5	4 402.1	2 210.4
Equals Consolidated Fund Surplus/(Deficit)	(109.5)	(349.6)	(137.3)	(217.2)

Table 6.2: Consolidated Fund Expenditure 2009-10

	2008-09 December YTD Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 December YTD Actual
	\$m	\$m	\$m	\$m
Economic Development, Tourism and the Arts				
Recurrent services	32.8	86.9	99.5	39.2
	32.8	86.9	99.5	39.2
Education				
Recurrent services	455.9	1 077.4	1 137.2	643.6
Works and services	4.5	222.6	259.0	76.5
	460.4	1 300.0	1 396.2	720.1
Environment, Parks, Heritage and the Arts¹				
Recurrent services	36.5	....	....	....
Works and services	1.5	....	....	....
	37.9	....	....	....
Finance-General				
Recurrent services	270.4	396.8	456.7	141.0
Works and services	....	15.8	18.5	....
	270.4	412.5	475.2	141.0
Health and Human Services				
Recurrent services	678.5	1 366.3	1 430.3	756.6
Works and services	5.7	142.1	132.1	13.5
	684.2	1 508.4	1 562.5	770.1
House of Assembly				
Recurrent services	3.6	6.7	6.7	3.7
	3.6	6.7	6.7	3.7
Infrastructure, Energy and Resources				
Recurrent services	65.0	145.0	207.1	139.0
Works and services	45.6	232.1	263.8	97.9
	110.6	377.0	470.9	237.0
Justice				
Recurrent services	59.7	126.0	131.1	64.5
Works and services	11.5	....	....	....
	71.2	126.0	131.1	64.5
Legislative Council				
Recurrent services	2.8	5.5	5.5	2.8
	2.8	5.5	5.5	2.8
Legislature-General				
Recurrent services	2.5	5.2	5.2	3.0
Works and services	3.1	....	....	....
	5.6	5.2	5.2	3.0

Table 6.2: Consolidated Fund Expenditure 2009-10 (continued)

	2008-09 December YTD Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 December YTD Actual
	\$m	\$m	\$m	\$m
Ministerial and Parliamentary Support				
Recurrent services	10.6	18.1	18.1	10.1
	10.6	18.1	18.1	10.1
Office of the Governor				
Recurrent services	1.6	3.1	3.0	1.4
	1.6	3.1	3.0	1.4
Office of the Ombudsman				
Recurrent services	0.8	1.4	1.8	0.8
	0.8	1.4	1.8	0.8
Police and Emergency Management				
Recurrent services	96.0	179.9	179.8	88.3
Works and services	0.2	3.1	3.1	0.8
	96.2	183.0	182.9	89.1
Premier and Cabinet				
Recurrent services	31.0	64.0	66.2	27.2
Works and services	....	0.5	0.5	0.2
	31.0	64.5	66.8	27.5
Primary Industries, Parks, Water and Environment				
Recurrent services	44.4	149.1	168.0	75.1
Works and services	0.7	5.1	5.1	4.8
	45.2	154.1	173.0	79.9
Tasmanian Audit Office				
Recurrent services	1.0	2.1	2.1	1.2
	1.0	2.1	2.1	1.2
Treasury and Finance				
Recurrent services	19.4	40.9	41.7	18.9
	19.4	40.9	41.7	18.9
Less Whole-of-Government capital expenditure adjustment	....	....	240.0	....
TOTAL	1 885.4	4 295.5	4 402.1	2 210.4

Note:

1. The Department of Environment, Parks, Heritage and the Arts ceased to exist on 30 June 2009. The operational Divisions of the Department were transferred to the Department of Primary Industries, Parks, Water and Environment and the Department of Economic Development, Tourism and the Arts effective from 1 July 2009.

Table 6.3: Consolidated Fund Forward Estimates

	2009-10 Original Budget	2009-10 Revised Budget	2010-11 Forward Estimate	2011-12 Forward Estimate	2012-13 Forward Estimate
	\$m	\$m	\$m	\$m	\$m
Receipts					
Australian Government recurrent receipts					
General purpose payments	1 526.5	1 609.0	1 631.4	1 777.4	1 846.5
Specific purpose payments	562.4	563.8	596.1	635.5	675.8
National partnership payments	642.6	710.7	498.2	349.0	262.4
Other grants and subsidies	15.4	40.7	29.2	31.6	31.7
	2 746.9	2 924.2	2 754.9	2 793.5	2 816.4
State source recurrent receipts					
Taxation	822.8	887.3	861.8	881.2	906.2
Receipts from government businesses	120.1	150.9	176.6	175.4	210.0
Departmental fees and recoveries	82.2	80.2	83.0	84.9	86.8
Recoveries of State debt charges	0.4	0.4	0.4	0.4	0.4
Sale and rent of government property	42.0	42.0	29.0	....	....
Resource rents and royalties	23.1	37.9	42.3	42.8	42.8
Other recurrent receipts	107.7	141.1	113.5	77.1	63.6
	1 198.3	1 339.8	1 306.6	1 261.8	1 309.7
Capital receipts					
Australian Government sources	0.5	0.5	0.5	0.5	0.5
State sources	0.3	0.3	0.2	0.2	0.2
	0.8	0.8	0.7	0.7	0.7
Total Receipts	3 946.0	4 264.8	4 062.2	4 056.0	4 126.8
Less Expenditure					
Recurrent services					
Appropriation Act	3 527.3	3 814.2	3 635.7	3 676.5	3 704.3
Reserved by Law	147.1	145.7	155.6	162.5	169.8
	3 674.4	3 959.9	3 791.4	3 839.0	3 874.1
Works and services					
Capital Investment Program	605.4	423.7	402.0	519.8	513.9
Economic and Social Infrastructure Fund	8.8	8.8	1.0	....	....
Hospitals Capital Fund	....	....	....	1.9	15.0
Infrastructure Tasmania Fund	7.0	9.7	....	....	17.0
	621.2	442.1	403.0	521.7	545.9
Total Expenditure	4 295.5	4 402.1	4 194.4	4 360.7	4 420.0
Equals Consolidated Fund Surplus/(Deficit)	(349.6)	(137.3)	(132.2)	(304.7)	(293.2)

7 CONCEPTS AND DEFINITIONS

Compliance Framework

The 2009-10 Mid-Year Financial Report has been prepared in accordance with the Australian Accounting Standards and, in particular, AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

AASB 1049 is based on the harmonised requirements of Generally Accepted Accounting Principles and Government Finance Statistics with the aim of improving the clarity and transparency of government financial statements. GFS is an accounting framework used by the Australian Bureau of Statistics in the preparation of public statistics. These, in turn, are based on international standards set out in the International Monetary Fund's *A Manual of Government Finance Statistics* and the United Nations' *A System of National Accounts*. GAAP is represented by the Australian Accounting Standards developed by the Australian Accounting Standards Board.

The GFS classification adopts a nationally consistent format for presenting the financial transactions of governments and government trading enterprises. GFS is an accounting framework that facilitates comparison of financial performance across jurisdictions and is used by financial markets, credit rating agencies and other analysts and commentators.

Compliance with AASB 1049 will mean that the statements are also consistent with the reporting requirements of the Uniform Presentation Framework.

The AASB 1049 framework includes:

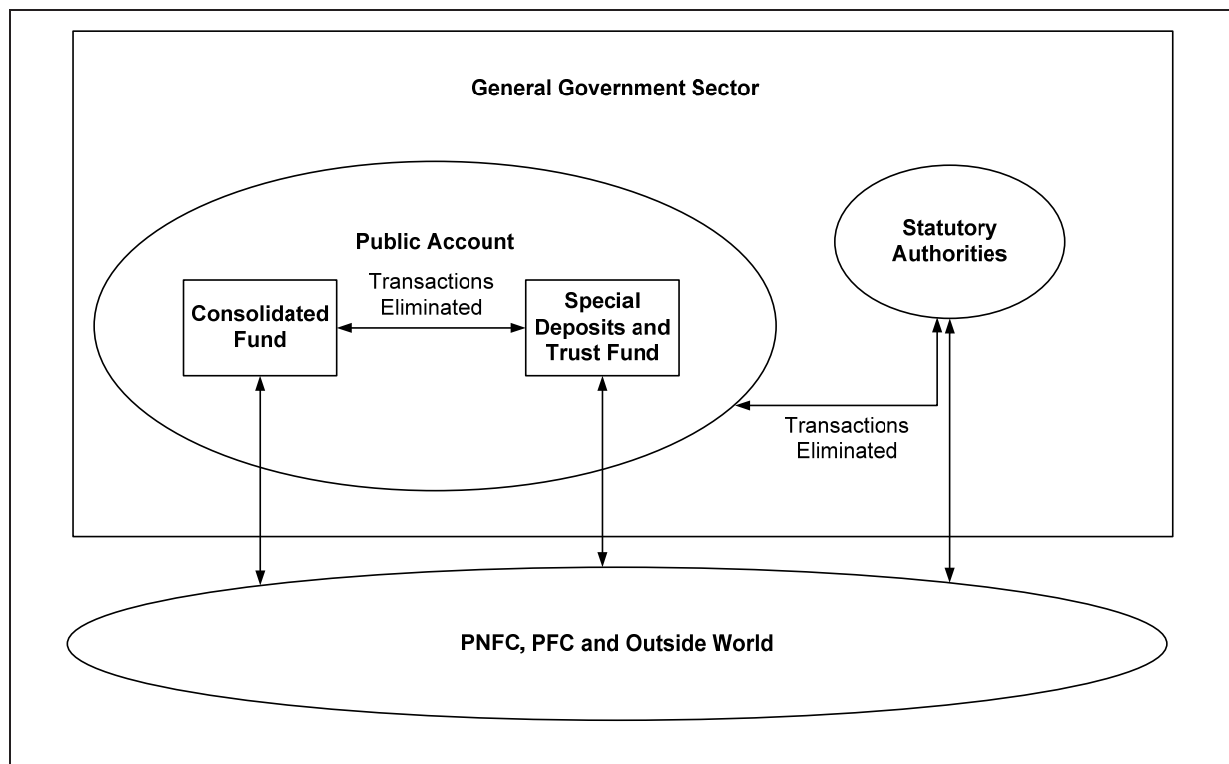
- the balances and transactions of both the Consolidated Fund and the Special Deposits and Trust Fund; and
- accrual transactions such as depreciation and nominal interest on superannuation.

The framework distinguishes between “transaction flows” and “other economic flows” in a manner that is consistent with the principles in the ABS GFS Manual. Transaction flows result directly from a mutually agreed interaction between two parties, for example, the sale of a good or service. The definition of a “transaction flow” also includes depreciation. This recognises that in the case of depreciation the one party is acting in two roles, as owner of the asset and consumer of the services provided by the asset.

An “other economic flow” is a change in the volume or value of an asset, or a liability, that does not result from a transaction. This includes a wide variety of events such as the revaluation of assets (holding gains or losses) arising from a change in market prices, and changes in the volume of assets that result from discoveries, depletion and destruction of assets. The impact of all “other economic flows” is reflected as gains or losses in the Income Statement. The combination of transaction flows and other economic flows reflects the total change in the value of net worth.

Diagram 7.1 illustrates the transactions included under AASB 1049 for the General Government Sector. Transactions included are only those with entities outside the General Government Sector, with intra-sector transactions eliminated.

Diagram 7.1: Transactions included in the General Government Sector



Income Statement

The Income Statement presents information on revenue and expenses. This Statement is designed to capture the composition of revenues, expenses and the net cost of government activities within a fiscal year. It shows the full cost of resources consumed by the government in achieving its objectives, and how these costs are met from various revenue sources. The Income Statement reports two major Fiscal Strategy measures: the Net Operating Balance and the Fiscal Balance. In accordance with the requirements of Australian Accounting Standards and, more specifically, AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, the Income Statement will now report two additional measures: the Operating Result and Comprehensive Result.

Net Operating Balance

The Net Operating Balance is a measure of the on-going sustainability of the operations of government. It indicates whether a government is generating enough revenue to cover the cost of its operations. A Net Operating Surplus indicates that a government has sufficient revenue to fund its operations and contribute to an increase in its asset base.

Operating Result

The Operating Result is similar to the Net Operating Balance in that it is a measure of the sustainability of the operations of government. However, this measure includes movements in asset and liability balances that result from movements in market values rather than as a result of government operations. These gains or losses on assets or liabilities are “unrealised” and are not available to fund government operations.

Comprehensive Result

The Comprehensive Result represents the total change in value of the Net Worth during a year arising from revenues, expenses and movements in the valuation of assets and liabilities. As such, the Comprehensive Result is equivalent to the total increase or decrease in Net Assets during the year. The Comprehensive Result is similar to the Operating Result in that it includes unrealised movements in the value of assets and liabilities that impact on net assets. These movements are not available to fund operations and do not arise as a result of government decisions.

Fiscal Balance

The Fiscal Balance indicates whether a sufficient surplus is being generated by the operations of government to fund its capital expenditure needs. It is determined as the difference between revenue from transactions over expenses from transactions, after allowing for the net addition to non-financial assets such as buildings and infrastructure.

Balance Sheet

The Balance Sheet is a financial snap-shot of assets and liabilities taken at the end of the financial year and discloses the resources over which a government maintains control. By providing information on the type of assets and liabilities held by a government, the statement shows a government’s financial position at that point in time. The major Balance Sheet indicators are Net Debt, Net Financial Liabilities, Net Financial Worth and Net Worth.

Net Debt

Net Debt is a measure used to help assess the overall strength of a Government’s fiscal position. Net Debt comprises borrowings less the sum of cash and deposits and investments.

Net Financial Liabilities

Net Financial Liabilities comprises total liabilities less financial assets, excluding equity investments in Government Businesses. This is a broader measure than Net Debt, as it incorporates other liabilities such as superannuation.

Net Financial Worth

Net Financial Worth is calculated as financial assets less liabilities. This measure is broader than Net Debt, as it incorporates provisions made (such as superannuation, but not depreciation and bad debts) as well as ownership of equity.

Net Worth

Net Worth is calculated as total assets (both financial and non-financial) minus total liabilities. Net Worth incorporates non-financial assets such as land and other infrastructure assets, which may be sold and used to repay debt. It also incorporates certain financial assets and liabilities not captured by the Net Debt measure, most notably, accrued employee superannuation liabilities, ownership of equities, debtors and creditors.

GFS includes shares and contributed capital in the calculation of Net Worth, which for the PNFC and PFC Sectors is equivalent to the carrying amount of net assets. As a result, GFS Net Worth for the PNFC and PFC sectors will always be nil. This difference has no impact on General Government Sector or Total State Sector Net Worth.

Cash Flow Statement

The Cash Flow Statement records a government's cash receipts and payments, outlining how a government obtains and disposes of cash.

This statement categorises cash flows into operating, investing and financing activities. Operating activities related to the collection of taxes, the distribution of grants, and the provision of goods and services. Investing activities are related to the acquisition and disposal of financial and non-financial assets. Financing activities are related to changing the size and composition of a government's financial structure.

The convention is that all inflows carry a positive sign and all outflows carry a negative sign (regardless of whether they are gross or net cash flows). The Cash Flow Statement reports two major fiscal measures: Net Increase in Cash Held and Cash Surplus/(Deficit).

Net Increase in Cash Held

Net Increase in Cash Held is the sum of net cash flows from all operating, investing and financing activities. This measure is consistent with the movement in cash and deposits reported in the Balance Sheet, and provides a mechanism for managing the cash position to ensure that sufficient cash is available to fund Government policy decisions.

Cash Surplus/(Deficit)

The Cash Surplus/(Deficit) comprises cash received from operating activities, and from sales and purchases of non-financial assets less finance leases and similar arrangements.

The Cash Surplus/(Deficit) is important for cash management purposes. It is important to note that a Cash Surplus does not necessarily imply that there is cash available for spending. This is because the Cash Surplus/(Deficit) includes funds allocated to provisions such as the Superannuation Provision Account.

It should be noted that the ABS does not include equity injections/withdrawals and the repayment of advances in the calculation of the surplus/(deficit). However, these items can have a major impact in any given year.

Consolidation of Transactions

The AASB 1049 statements present a consolidated view of the financial transactions for all entities within the Government Sectors. Receipts, payments, financial assets and liabilities held with other agencies within the Sector are matched and eliminated to avoid double counting. This process is known as consolidation.

For example the rental payment by the Department of Justice to Treasury for the Department of Justice's occupation of a Government owned building will be netted out from the Income Statement as both agencies are classified within the General Government Sector.

Consolidated Fund

The Consolidated Fund is the source of funding for appropriations and Reserved by Law payments.

Consolidated Fund appropriations are provided for two types of expenditure, Recurrent Services and Works and Services.

Recurrent Services funding is provided by Parliament to meet the cost of the ordinary annual services of the Government. The major expenses are salaries and other departmental operating costs including building services and maintenance, minor works and furniture and equipment purchases. Reserved by Law funds are also made available to departments on a recurrent basis, where there is a legislative requirement for funding to be provided for specific purposes without the necessity for annual appropriation through the Consolidated Fund Appropriation Act. Examples of Reserved by Law expenditure include funding for the salary of the Auditor-General and pensions payable under the *Judges' Contributory Pensions Act 1968*.

Works and Services funding is provided to meet construction costs and the purchase and maintenance of major capital assets such as roads, public housing, schools and hospitals.

Under the *Public Account Act 1986*, unless specifically excluded, as provided by that Act or any other Act, all revenue of the State is to be credited to the Consolidated Fund.

Consolidated Fund Surplus/(Deficit)

The excess of Consolidated Fund receipts over the expenditure of these funds is the Consolidated Fund Surplus (CFS). A CFS represents funds that are available for the retirement of debt or the accumulation of financial assets. A Consolidated Fund Deficit indicates that Consolidated Fund expenditure exceeds receipts to the Fund.

Rounding

All amounts in the financial statements have been rounded to the nearest \$100 000, unless otherwise stated. As a consequence, rounded figures may not add to totals. Percentage changes used in the Report are based on the underlying unrounded amounts.

Amounts that are zero or less than \$50 000 (or in Table 3.1, less than 1%) are indicated by

Classification of the Tasmanian Public Sector

The Tasmanian Public Sector comprises several different types of entities. These are classified according to the sectors comprising the UPF, namely General Government, Public Non-Financial Corporations or Public Financial Corporations Sectors.

The General Government Sector comprises those agencies of government, the primary function of which is to provide public services which are mainly non-market in nature, for the collective consumption of the community, or which involve the transfer or redistribution of income and are financed mainly through taxes and other compulsory levies. This Sector includes government departments and a number of entities that act outside the Public Account including the Inland Fisheries Service, Marine *and* Safety Tasmania, the Royal Tasmanian Botanical Gardens, the State Fire Commission and the Nominal Insurer (a statutory entity created by the *Workers Rehabilitation and Compensation Act 1988*).

The PNFC Sector comprises those entities that aim to cover the majority of their expenses by revenue from the sales of goods and services and which are mainly market, non-regulatory and non-financial in nature. Generally, this Sector covers the State-owned Companies and Government Business Enterprises. These entities have a variety of functions and responsibilities, are established in varying ways and also have different relationships with the Budget. The regional water and sewerage corporations, although owned by local government, are included in the PNFC Sector as a result of the classification decision of the Australian Bureau of Statistics.

The PFC Sector comprises those entities that perform central bank functions or have the authority to incur financial liabilities and acquire financial assets in the market on their own account. In Tasmania, there are two organisations in this Sector. These are the Tasmanian Public Finance Corporation and the Motor Accidents Insurance Board.

The following provides a breakdown of the Tasmanian Public Sector entities by sector.

General Government

Department of Economic Development, Tourism and the Arts
Department of Education
Department of Health and Human Services
House of Assembly
Department of Infrastructure, Energy and Resources
Inland Fisheries Service
Department of Justice
Legislative Council
Legislature-General
Marine and Safety Tasmania
The Nominal Insurer
Office of the Governor
Office of the Ombudsman
Department of Police and Emergency Management
Department of Premier and Cabinet
Department of Primary Industries, Parks, Water and Environment
Royal Tasmanian Botanical Gardens
State Fire Commission
Tasmanian Academy
Tasmanian Audit Office
Tasmanian Polytechnic
Tasmanian Skills Institute
Department of Treasury and Finance (including Finance-General)

Public Non-Financial Corporations

Aurora Energy Pty Ltd
Forestry Tasmania
Hydro Tasmania
Metro Tasmania Pty Ltd
Port Arthur Historic Site Management Authority
Private Forests Tasmania
Rivers and Water Supply Commission
Tasmanian Ports Corporation Pty Ltd
Tasmanian Railway Pty Ltd
Tasracing Pty Ltd
Tasmanian Water and Sewerage Corporation (Common Services) Pty Ltd
Tasmanian Water and Sewerage Corporation (Northern Region) Pty Ltd
Tasmanian Water and Sewerage Corporation (North-Western Region) Pty Ltd
Tasmanian Water and Sewerage Corporation (Southern Region) Pty Ltd
The Public Trustee
TOTE Tasmania Pty Ltd
Transend Networks Pty Ltd
TT-Line Company Pty Ltd

Public Financial Corporations

Motor Accidents Insurance Board

Tasmanian Public Finance Corporation

Entities Not Consolidated

The Retirement Benefits Fund Board has not been included in this financial report because the assets are not available for the benefit of the State. Also, the University of Tasmania, certain professional, occupational and marketing boards and Local Government authorities are not included in this financial report because they are not controlled by the State.

Other Government bodies that are controlled but are not considered material, for whole-of-government purposes, are also excluded from this financial report.



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For further information please contact Print Applied Technology or visit www.fscaustralia.org



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